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Japan

Kaifu Prepares to Leave for Houston Summit

OW0607000490 Tokyo KYODO in English 2303 GMT 5 Jul 90

[Text] Tokyo, July 6 KYODO—Prime Minister Toshiki Kaifu heads to Houston Friday for the annual summit meeting of seven mejor economic powers next week, his first as head of the Japanese Government.

A chartered plane carrying the Kaifu party takes off from Tokyo International Airport at Haneda in southern Tokyo around 6 PM bound for the Texas city. The prime minister is accompanied by his wife, Sachiyo, and an official entourage that includes Finance Minister Ryutaro Hashimoto, International Trade and Industry Minister Kabun Muto, and eight Diet members. Foreign Minister Taro Nakayama, currently visiting Europe, will fly to Houston from Vienna to join Kaifu.

After arrival in Houston, Kaifu will meet with U.S. President George Bush on Saturday to discuss bilateral ties and compare notes for the three-day economic summit. The summit, which opens on Monday, brings together leaders from the United States, Britain, Canada, France, Italy, West Germany, and Japan.

Major topics expected to be addressed at the conference include Western assistance to the Soviet Union and East European countries embarking on market-oriented economies and a multiparty political system. Other issues include the Uruguay Round of multilateral trade negotiations, environmental protection, and policy coordination on a worldwide antidrug crusade.

As the only Asian power represented in the select group, Kaifu has vowed to speak for Asian interests, including support for the fledging democratic process in the region. As a counterpoint to the world focus on Europe, Kaifu also plans to appeal for continued support to developing nations in Africa and South America for a "worldwide new international order."

The summit marks Kaifu's first debut in the annual get-together of the world's seven major industrialized countries since he came to office in August last year. Kaifu's previous involvement with the summit series was at Rambouillet, France in 1975. He served as the principal spokesman for his mentor, late Prime Minister Takeo Miki, as his deputy chief cabinet secretary.

The Houston summit is the third in the U.S. and the 16th since the Rambouillet meeting. First called by former French President Vallery Giscard d'Estaing to coordinate Western economic policies in the wake of the 1973-1974 oil crisis, the summit has gradually broadened into the political field, including attacks on international terrorism.

Departs for Houston 6 Jul

OW0607095190 Tokyo KYODO in English 0923 GMT 6 Jul 90

[Text] Tokyo, July 6 (KYODO)—Japanese Prime Minister Toshiki Kaifu left for the United States on Friday to attend the Houston summit meeting of seven major economic powers July 9-11.

Kaifu will hold a meeting with U.S. President George Bush in Houston on Saturday prior to the three-day summit session. He will visit Atlanta and Colorado Springs before flying back to Tokyo on July 15.

State Minister: Treaty 'Vital' for Security

OW2206113190 Tokyo KYODO in English 0955 GMT 22 Jun 90

[Text] Tokyo, June 22 KYODO—State Minister for Defense Yozo Ishikawa said Friday that Japan will maintain the Security Treaty with the United States which underpinned the country's development.

In a statement celebrating the 30th anniversary of the 1960 Security Pact, Ishikawa said peace and stability maintained under the Japan-U.S. Security Treaty lie behind Japan's development. Since the treaty still plays an important role in the current international situation, and is vital for Japan's security, Japan will maintain the pact, the Defense Agency chief said.

The Japan-U.S. Security Treaty, signed on September 8, 1952 along with the San Francisco peace treaty that put a full end to World War II, went into effect on April 28, 1953. The 10-year pact was revised in June 1960 amid controversy.

Wider GNP Gap Could Cut U.S. Trade Imbalance

OW0507083090 Tokyo KYODO in English 1318 GMT 4 Jul 90

[Text] Tokyo, July 4 KYODO—Further widening of the gap in economic growth between Japan and the United States will help reduce the trade imbalances between the two countries by some 40 billion dollars in 1995, an industrial council said Wednesday.

Japan Foreign Trade Council, Inc. said in a report that the wider difference in gross national product (GNP) is expected to boost Japan's imports, reduce U.S. purchases from Japan and help cut the U.S. trade deficit, which has persisted since 1983 and totaled 49 billion dollars last year. If the bilateral GNP gap expands to 2.5 percent from the current 1.9 percent, the U.S. trade deficit will decline by about 14 billion dollars in 1995, it said.

The report, compiled by 14 researchers from six major trading houses, also suggested that further promotion of Japanese direct investment in the United States is equally efficient in improving the bilateral trade gap. Constant investment of around 7 billion dollars, the level seen in 1988, will invigorate U.S. industry, thus helping slash the U.S. deficit by another 20 billion dollars in 1995, it said.

Other factors are expected to cause the 1995 U.S. trade deficit to decline by about 6 billion dollars, according to the report.

For greater domestic demand, the Japanese Government should increase its spending on infrastructure to improve the people's standard of living. It should also expand tax-incentive measures to facilitate direct investment by Japanese companies in the U.S.

The report also called on Washington to strive to reduce its budgetary deficit and to do more to enhance the competitiveness of American enterprises.

KYODO Cites U.S. Official on Industrial Policies

OW0307143990 Tokyo KYODO in English 1409 GMT 3 Jul 90

[Text] Tokyo, July 3 KYODO—A high-ranking U.S. economic adviser indicated here Tuesday the U.S. Government, unlike its Japanese counterpart, will not take industrial policies to make any specific American industries more competitive in the international market.

Richard Schmalensee, a member of the Presidential Council of Economic Advisers, delivering a lecture, said bureaucrats cannot be more capable managers for American industries than businessmen.

This remark was viewed by some Japanese observers to mean that the Japanese Government excessively intervenes in company decision-making.

He said the U.S. Government, for this reason, did not pledge to take any steps to enhance competitiveness of any specific industries in a final report recently produced as a result of the bilateral trade talks, known as the Structural Impediments Initiative (SII).

Schmalensee said increased subsidies for research and development (r and d) by U.S. firms, which Washington included in the final SII report, do not comprise the type of aid that the General Agreement on Tariffs and Trade (GATT) is seeking to scrap at its Uruguay Round of multilateral trade talks.

Survey: U.S. Leaders Open to Japanese Investment

OW0307125190 Tokyo KYODO in English 1205 GMT 3 Jul 90

[Text] Tokyo, July 3 KYODO—Despite widely reported U.S. fears that Japan is buying up America, many U.S. business, political and academic leaders are receptive to Japanese investment in U.S. companies and properties, a private Japanese economic institution said Tuesday. But they said the closed nature of Japan's markets is chiefly to blame for bilateral trade friction, the Japan Economic Foundation said in a report.

Of 546 American leaders surveyed in the report, 53.9 percent said they favor Japan's purchase of American properties, while 29.1 percent said they are opposed. More than 50 percent of the respondents also said they have positive feeling toward acquisition of American enterprises by Japanese companies, while 28.5 percent replied they are uncomfortable about it.

Asked about bilateral trade friction, nearly 50 percent criticized the Japanese Government for its exclusive market and trade regulations. About 20 percent said the U.S. is also to blame for its uncompetitiveness and inability to reduce its budget deficit.

Around 90 percent of the American leaders said they know what the Structural Impediments Initiative (SII) is and 47.2 percent of them said they believe the bilateral trade talks are meaningful in reducing Japan's trade surplus with the United States. But 64.3 percent of those surveyed said they would prefer the resolution of trade disputes through international forums, such as the General Agreement on Tariffs and Trade (GATT), rather than through bilateral negotiations.

Underscoring improving sentiment toward the Soviet Union, 75.5 percent of the respondents said they feel friendly toward the Soviets, the report said. But 49.1 percent replied they do not think the Soviet Union is a reliable partner, reflecting persistent skepticism, it said.

Civic, Student Groups Protest Midway Explosions

OW2406141390 Tokyo KYODO in English 1343 GMT 24 Jun 90

[Text] Yokosuka, Kanagawa Pref., June 24 KYODO—Some 100 people from civic and student groups in Yokosuka and its surrounding areas staged a rally Sunday to call attention to the dangers of hosting U.S. military facilities in the wake of last week's explosions aboard the U.S. aircraft carrier Midway.

They gathered at a park in Yokosuka, southwest of Tokyo, where the U.S. naval base is located, calling for a thorough investigation into the accident and removal of home port facilities at the base for the 67,000-ton flattop. After the rally, participants marched to the gates of the U.S. base and chanted anti-U.S. base slogans in English.

The Midway entered Yokosuka port Thursday after explosions and a fire killed two sailors and injured 16 on Wednesday in the Pacific off Chiba Prefecture, east of Tokyo.

Okinawans Demand Return of Yomitan Airfield

OW0507141690 Naha RYUKYU SHIMPO in Japanese 3 Jul 90 evening edition p 7

[Text] Yomitan—"We will fight until we recover our ownership!"—The U.S. forces stationed in Okinawa conducted this year's eighth parachute training at the Yomitan Auxiliary Airfield on the morning of 3 July. In protesting this training, about 40 landowners, village office staff members, and village assemblymen held a protest rally at the airfield for the first time in about two years since runway damage assessment training was held the last time. A list of U.S. forces facilities that would be returned was announced on 19 June. However, the Yomitan Airfield is not included in this list. At the rally, Village Mayor Tokushin Yamauchi and Village Assembly Speaker Terukazu Gibo took the lead in repeatedly shouting such slogans as "Let us promote on-site protest actions and have the airfield returned at an early date!" at U.S. forces members engaged in the training. The training ended at 0900 after 55 troops completed parachuting. There was no trouble between local residents and U.S. troops.

According to the list of U.S. forces facilities to be returned that was announced this time, facilities on both northern and southern sides of the Yomitan Airfield will be returned for building the Kadena bypass road. However, the airfield itself, through which the bypass road is designed to pass, is not included in the list of facilities to be returned. Concerning this, the village authorities called a meeting attended by representatives of various organizations in the village on 22 June. At this meeting, it was decided that the original "Executive Committee To Demand Settlement of Post-War Issues" should be dissolved and a new organization, the "Yomitan Villagers' Executive Committee for Demanding Settlement of Post-War Issues and Implementation of the Conversion Program," should be organized with Speaker Gibo serving as chairman. It was also decided that a new villagers' movement should be started by promoting on-site protest actions to have the airfield returned at an early date.

At the protest rally, Kinjo Owan, chief of the section in charge of the conversion of the airfield, made a report and said: "In 1980, a working group was organized to pave the way for the return of the airfield. Ten years have passed, but the airfield has not yet been returned."

Village Mayor Yamauchi, Speaker Gibo, and Kenichi Higa, president of the Landowners' Association for Recovering the Ownership of Yomitan Airfield Land Lots, stated their resolutions one after another, and said: "Forty-five years have passed since the end of the war. However, exercises are still conducted right in the midst of our village. We must become indignant at this fact and fight until the airfield is returned at an early date."

Further Reportage on Alberto Fujimori's Visit

Response to Aid Request 'Lukewarm'

OW0307121490 Tokyo KYODO in English 1141 GMT 3 Jul 90

[Text] Tokyo, July 3 KYODO—Peru's President-Elect Alberto Fujimori Tuesday described as "lukewarm" Japan's response to his request for "bridging loans" to help Peru restructure its struggling economy.

Speaking to reporters at the Japan National Press Club, Fujimori said he asked Prime Minister Toshiki Kaifu to propose at the July 9-11 summit of seven economic powers a wider framework than a U.S.-initiated one to help Peru deal with foreign debts totaling 16.7 billion dollars last year.

U.S. President George Bush last week proposed a set of new economic initiatives for Latin America as a whole which would include creation of a 300 million dollar investment fund. The proposal also includes a plan to forgive the official debt of Latin American and Caribbean nations to the United States on condition that they adopt "strong" economic and investment reform packages.

Fujimori said the aim of his three-nation pre-inauguration tour is to pave the way for fresh loans from the international financial community which has suspended new initiatives since 1985 due to Peru's refusal to make repayments on its external debts. "If the condition for Japanese financial assistance to Peru hinged on resumption of dialogue with the International Monetary Fund (IMF), then promotion of such assistance is very probable in the near future," said Fujimori, who takes office July 28.

Fujimori said officials from the IMF are scheduled to visit Japan in mid-July to request Japanese participation in providing stop-gap loans, which he said should add up to 1.8 billion dollars owing to the IMF, the World Bank, and the inter-America development bank.

A short-to-medium-term foreign policy framework aimed at securing Peru's return to the international financial community was laid last week when Fujimori met the heads of the three international financial organizations in New York before coming here Sunday. He said the IMF is considering extending stand-by credits to Peru by October.

But despite his efforts to convince Japan of Peru's strong determination to overcome its economic difficulties, including an inflation which last year reached 2,775 percent, the Japanese reception "was neither hot nor cold," Fujimori said in Japanese.

Fujimori met Kaifu, House of Representatives Speaker Yoshio Sakurauchi, House of Councillors President Yoshihiko Tsuchiya, and Akira Nishigaki, head of the Overseas Economic Cooperation Fund (OECF), an implementation agency for Japan's official development assistance.

Fujimori said meetings with private-sector business leaders were "positive" with "future prospects." Fujimori said he anticipated a "lukewarm" reaction from Japan due to outgoing President Alan Garcia's foreign policy of confrontation with the international community but hoped his visit has laid seeds for future dialogue with Japan on financial matters.

Japan's loan program to Peru was curtailed since 1985 when Peru suspended its debt repayments. But Japan's aid to Peru amounted to 3.9 billion yen in 1988. Peru currently ranks as the second poorest in the region.

Finance Minister Ryutaro Hashimoto stopped short of pledging full-fledged financial support when Fujimori called for Japan's active involvement, including bridging loans, in Peru's economic reconstruction. He said neither the OECF nor the Export-Import Bank of Japan, the main channels for Japan's overseas assistance, are legally allowed to provide such loans.

Kaifu and Hashimoto, meanwhile, sounded positive on sending advisers and an economic mission to Peru to assess how Japan can best assist.

Fujimori's parents emigrated to Peru 60 years ago from a village in Kumamoto on Japan's southernmost main island of Kyushu. He is the first person of Japanese descent to become head of a foreign country.

Fujimori said he has felt very much "at home" during his visit, which ends Thursday. While saying his visit as president-elect to the land his parents abandoned was "flipping a new page" in the bilateral relationship, he warned against basing relations on blood ties. "True friendship should be created through various productive exchanges," Fujimori said, calling for more Japanese tourists and cultural exchanges which he said will help Peru earn foreign currencies.

Fujimori is scheduled to pay a visit to his parents' relatives in Kumamoto on Wednesday before leaving for South Korea on Thursday.

Arrives in Kyushu for Kawachi Visit

OW0407050890 Tokyo KYODO in English 0320 GMT 4 Jul 90

[Text] Kumamoto, July 4 KYODO—Peru's President-elect Alberto Fujimori arrived in Kyushu on Wednesday for a one-day visit to Kawachi, Kumamoto Prefecture, the hometown of his parents who emigrated to Peru 60 years ago.

Morihiro Hosokawa, governor of Kumamoto Prefecture, led about 150 people from the town of Kawachi to welcome Fujimori.

Fujimori, who is the first son of Japanese emigrants to become the head of state of any nation, was returning to his parents' hometown in northwestern Kumamoto for the second time in 18 years. He will meet Tomiya Inomoto, 66, his mother's younger brother, Shigeyoshi Minami, 82, his father's younger brother, and other relatives with whom he stayed for one month during his first visit to Japan.

Fujimori, who will take office on his 52nd birthday and also Peru's independence day on July 28, will attend welcoming ceremonies hosted by the prefecture, visit Kawachi's tourist commodity center, and plant a eucalyptus tree in a park. Town Chief Shunji Shimazu will present the first ever honorary citizenship awarded by Kawachi to Fujimori at a welcoming ceremony hosted by the town.

Fujimori plans to give a press conference before flying back to Tokyo in the evening. He winds up his five-day visit to Japan on Thursday and will proceed to South Korea before returning to Peru.

Meets Relatives in Kawachi

OW0407071690 Tokyo KYODO in English 0636 GMT 4 Jul 90

[Text] Kumamoto, July 4 KYODO—Peru's President-elect Alberto Fujimori came home Wednesday to the small town in southern Japan from where his parents emigrated to Peru 60 years ago.

Fujimori made a special one-day visit to Kawachi, Kumamoto Prefecture, where he was met at the airport by prefectural Governor Morihiro Hosokawa and some 120 others, including Tomiya Inomoto, 66, his mother's younger brother. Shunji Shimazu, town chief of Kawachi, also greeted Fujimori, 51, at the airport, where a 15-meter long banner proclaiming "welcome" had been draped in the lobby.

Fujimori, who is the first son of Japanese emigrants to become the head of state of any nation, was returning to his parents' hometown in northwestern Kumamoto for the second time in 18 years. Fujimori shook hands with Inomoto. "Uncle," Fujimori said. Inomoto called Fujimori "Kenya" (Japanese name of Fujimori).

Hosokawa congratulated Fujomiri during a meeting at a Kumamoto hotel on his election victory. Fujiomori replied, "I am happy to be returning to the hometown of my parents. I appreciate the splendid welcome. I am one of the Kumamoto people and Kumamoto is my second hometown."

Hosokawa told reporters that he will set up a group to support debt-ridden Peru and call for donations for education, welfare and health care in Peru. Kumamoto Prefecture plans to receive agricultural trainees from Peru, and provide funding for education and extend medical cooperation to Peru, Hosokawa said.

Fujimori, who will take office on July 28, Peru's independence day and his 52nd birthday, attended a welcome ceremony and said he expects friendship between Japan and Peru will strengthen.

Fujimori headed for Kawachi, where he will meet relatives, visit Kawachi's tourist community center, and be awarded a certificate of honorary citizenship at a welcoming ceremony. Fujimori plans to give a press conference before flying back to Tokyo in the evening. He winds up his five-day visit to Japan Thursday and will proceed to South Korea before returning to Peru.

Two Citizens Donate Funds to Peru

OW0507063090 Tokyo KYODO in English 0411 GMT 5 Jul 90

[Text] Tokyo, July 5 KYODO—Two elderly citizens of Tokyo on Thursday donated 10 million yen each to Peru's President-elect Alberto Fujimori to help reconstruct the country's battered economy. Haruko Miike, 81, and Taiji Nagano, 78, separately visited Fujimori in a Tokyo hotel to hand him in person a check and cash, respectively.

Fujimori, who arrived in Japan on Sunday for a five-day visit, is the first son of Japanese emigrants to become the head of a foreign nation.

Fujimori thanked Miike and said he will use the money to help ease the hunger of children suffering as a result of severe drought. Miike, clad in kimono, shook hands with Fujimori and said she hoped the money will be used to improve the lives of the Peruvians.

Miike ran a restaurant until 1975 and has since been living on the income from rented apartments. She said the idea of donating some of her savings came to her when Fujimori in his meetings with Japanese officials asked for assistance for his inflation-plagued, debt-ridden nation.

Nagano, a company president, handed the 10 million yen in cash to Fujimori and wished him good luck.

Fujimori was to leave Japan for home later Thursday.

Departs for Home 5 Jul

OW0507142790 Tokyo KYODO in English 1006 GMT 5 Jul 90

[Excerpts] Tokyo, July 5 (KYODO)—Peru's President-elect Alberto Fujimori left Tokyo on Thursday for home at the end of a five-day visit to the country from which his parents emigrated 60 years ago. [passage omitted]

Fujimori was initially scheduled to proceed to the South Korean capital of Seoul from Tokyo but cut short his itinerary.

Fujimori will take office on July 28, Peru's independence day and his 52nd birthday.

Kaifu Pledges 'Full Support' for LDC's

OW2906130190 Tokyo KYODO in English 1141 GMT 29 Jun 90

[Text] Tokyo, June 29 KYODO—Bangladesh Foreign Minister Anisul Islam Mahmud said here Friday that Japanese Prime Minister Toshiki Kaifu has assured him of Japan's full support for the world's least developed countries (LDCS).

Mahmud, head of a delegation of foreign ministers from four LDC countries, said he found the Japanese leader to be "very sympathetic" to the plight of LDCS when he received them for talks earlier in the day. "We had assurances that Japan would do everything it can to enhance its assistance to these least developed countries," Mahmud told reporters at the Japan National Press Club.

Foreign Ministry officials said that Kaifu also assured the delegation he would raise the plight of developing nations when he meets with the heads of six other major industrialized countries for an economic summit on July 9-11 in Houston, Texas.

The delegation, representing the 42 nations designated as "least developed" by the United Nations, also met on Friday with Foreign Minister Taro Nakayama and Kabun Muto, head of the Ministry of International Trade and Industry (MITI).

Mahmud and Foreign Ministers Ahmed Jama Abdulle of Somalia, 'Ali Sahlul of the Sudan, and Yaovi Adodo of Togo arrived in Japan on Thursday on the final leg of a seven-nation tour to "sensitize" donor countries ahead of the second United Nations conference on the LDCS, scheduled to be held in Paris next September.

Mahmud noted that Japan is the largest bilateral donor to the LDCS. But he added "for the record" that Japan has not met the target set for it at the first U.N. conference on LDC's in 1981.

He said that while the LDC's have already drafted a "plan of action" ahead of the second U.N. conference in Paris, some important issues on which the success of the plan hinges remain unresolved. In particular, Mahmud cited questions pertaining to resource flows to developing countries, the alleviation of the debt problem, and trade. "We seek the support of our friends in the developed world to give us the necessary support," he said.

On the willingness on the part of the LDCS to implement necessary structural adjustments in the face of socio-political costs, Mahmud said, "there is a total commitment." "The less developed countries are ready to perform their part of the responsibility in this direction," he said.

Mahmud expressed concern over the impact on LDCS of the dramatic changes sweeping the world, most notably Eastern Europe and the Soviet Union. "There will be a necessity for a tremendous amount of resources for sustaining the changes which have taken place in Eastern Europe," he said. "But we'd also like to remind our friends in the developed countries that they must not forget these developed countries in their fight to come out of poverty," he said. "We were very heartened to be reassured by the leaders in these various countries that resources for the least developed countries will not be diverted to other areas," he said.

LDP Proposes Direct Talks With DPRK on Sailors

OW0507154290 Tokyo KYODO in English 1237 GMT 5 Jul 90

[Text] Tokyo, July 5 (KYODO)—The Liberal Democratic Party (LDP) Thursday proposed direct talks with North Korea in Beijing next month over two Japanese seamen detained for almost seven years in Pyongyang on spying charges. The ruling party made the proposal during regular consultations in the Diet with the largest opposition party, the Japan Socialist Party (JSP), and the government in an effort to break the impasse in negotiations on release of the detained Japanese nationals.

The LDP requested the socialists gauge the North Korean response to the proposal for direct contact through its delegation slated to leave here July 19 on a North Korean visit. The JSP agreed, party officials said.

Captain Isamu Beniko and the chief engineer of the No. 18 Fuji Maru have been held by North Korea on espionage charges since November 1983 after a former North Korean soldier defected to Tokyo aboard the Japanese ship.

The JSP has maintained close links with North Korea in the absence of diplomatic relations between Tokyo and Pyongyang.

In Thursday's tripartite talks with Deputy JSP Chairman Makoto Tanabe, Hajime Ishii, acting chairman of the LDP's Foreign Affairs Study Council, expressed his party's eagerness to set up direct talks with North Korean officials in Beijing to solve the issue. North Korea's accumulated debts to Japan, Japan's application of preferential customs treatment and installation of a communications satellite circuit linking the two countries, as well as the Fuji Maru question, will be tabled in the talks, if realized, Ishii said.

Tanabe agreed to have his party's delegation to Pyongyang sound out North Korea on the LDP's proposal for possible direct Tokyo-Pyongyang dialogue in Beijing as requested by Ishii.

Prime Minister Toshiki Kaifu clarified his hope to initiate government-to-government contact with Pyongyang without preconditions such as an apology for Japan's 1910-1945 colonial rule of Korea in talks with Tanabe last Monday.

Government To Provide Urgent Flood Relief to PRC

OW2706211190 Tokyo KYODO in English 1508 GMT 27 Jun 90

[Text] Tokyo, June 27 KYODO—The Japanese Government decided Wednesday to provide China with urgent relief goods including tents, blankets, and medicines, worth 28 million yen, following recent flood damage in Hunan Province, southern China. In the province, 274 people have been killed and 3,775 others injured in floods caused by heavy rains on June 6-8 and June 11-15.

Charge Signs Grant Agreement With Pakistan

OW2706113390 Tokyo KYODO in English 1055 GMT 27 Jun 90

[Text] Islamabad, June 27 KYODO—Japan will grant 5,663 million yen (37.7 million dollars) in aid to Pakistan for five projects under an agreement signed Wednesday. The projects include an educational television channel, a model integrated rural area development scheme, modernization of laboratories at the Pakistan Council of Scientific and Industrial Research, geoscience laboratories, and exploitation of ground water resources in Baluchistan.

The agreement was signed by the Charge d'Affaires at the Japanese Embassy and the secretary of Pakistan's economic affairs ministry.

Officials said the agreement brings total Japanese grants to Pakistan pledged for 1990-91 to 6,649 million yen or 43 million dollars.

Government To Cut Government Rice Purchase Prices

OW0507234690 Tokyo KYODO in English 1523 GMT 5 Jul 90

[Text] Tokyo, July 5 KYODO—Two days of contentious discussions failed to bring a government advisory panel to a consensus over a government proposal for an average 1.5 percent cut in producer rice prices for this year, government sources said Thursday. But the Government will make the reduction in government purchase prices for rice official at a cabinet meeting on Friday regardless of the divergent views on its proposal by the Rice Price Council, an advisory body to the agriculture, forestry and fisheries minister.

The price reduction, the first in two years, will cut the price of a 60-kilogram sack of rice to 16,500 yen in 1990 from 16,743 yen in 1989, the sources said.

The council's failure to endorse the government recommendation reflects a deep division among conflicting interest groups in the body, which comprises 32 representatives from rice growers, consumers, and neutral academic experts. Consumer members wanted a more drastic reduction in order to bring Japan's rice prices down in line with those in other countries. Japanese rice is priced at 6.5 times that of U.S. rice and more than nine times that of Thai rice. But their idea ran into strong opposition from producers, who wanted prices left at the current levels.

Some members, infuriated by a government attempt to bypass the council's decision, urged the other representatives not to respond to the government proposal at all.

But most controversial was the new pricing formula, which producers criticized as sacrificing small-scale farmers. The Government decided to set rice prices on the basis of an average production cost of farmers whose productivity is higher than the average for their regions.

Producer prices for rice were lowered by 5.95 percent in 1987 for the first time in 31 years and cut by 4.6 percent in 1988, but were unchanged last year, as the ruling Liberal Democratic Party (LDP), concerned over the impact on its poor performance in the Upper House election last July, blocked a further reduction. But the Government agreed on a price reduction this year to head off foreign criticism of Japan's rice market, which has been gaining steam in advance of the Uruguay Round of Multilateral Trade Talks, which aims to eliminate barriers to world trade, including government subsidies to protect uncompetitive industries.

Every year, the Government decides the price at which it buys rice from producers, and sells it to consumers at further discount prices. Such a price control squeezes the budget, and cost the Government 311.7 billion yen in Fiscal 1989. The 1.5 percent reduction, if implemented, is expected to help cut about 9 billion yen in subsidies, according to the sources.

Four LDP Legislators Endorse Open Rice Market

OW0507145390 Tokyo KYODO in English 1341 GMT 5 Jul 90

[Text] Tokyo, July 5 (KYODO)—The Japanese branch of a four-nation policy forum issued a proposal Thursday calling for partial liberalization of Japan's rice market. The proposal comes just days before the issue arises at the coming Houston summit of seven industrialized nations next week. Four ruling Liberal Democratic Party (LDP) legislators, including former Foreign Minister Masayoshi Ito, are among those who endorsed the proposal.

The Japanese branch of a four-nation policy forum led by former Foreign Minister Saburo Okita, in the 6-point policy proposal to Prime Minister Toshiki Kaifu, warned that Japanese failure to ease its absolute ban on rice imports could accelerate trends toward managed trade and regionalism in the global marketplace, officials of the branch said.

Ito and the three other LDP members of the House of Representatives who are among signers of the proposal belong to a forum of political and business leaders from the U.S., Canada, Europe and Japan.

The proposal urged a partial lifting of barriers to rice imports to ensure the success of the most recent uruguay round of talks on the General Agreement on Tariffs and Trade (GATT) seeking to remove barriers to agricultural trade.

The U.S. is at odds with the European Community (EC) in pushing for an end to agricultural export subsidies and has insisted on "minimum access" to Japan's rice market. U.S. negotiators are set to reiterate demands for a shift away from nontarriff to tariff barriers in the July 9-11 summit in Houston.

Many LDP members vehemently oppose rice market opening, fearing a voter backlash from their rice-growing constituencies.

The 6-point policy statement, submitted Thursday to Prime Minister Toshiki Kaifu, also urges the government to seek a firmer U.S. commitment to cutting its budget deficit and increasing its private savings rate.

Other recommendations included steps to allow EC participation in Asian economic cooperation and Japan's presence in European security talks to strengthen the weakest link in the Japan-Europe- U.S. triangle.

BOJ's Prerogative To Change Monetary Policy

OW2906023590 Tokyo KYODO in English 0141 GMT 29 Jun 90

[Text] Tokyo, June 29 KYODO—Finance Minister Ryutaro Hashimoto said Friday any change in monetary policy is for the Bank of Japan (BOJ) to decide, but stressed the need to closely watch for signs of an overheating of the economy.

He made the remarks at a press conference after a cabinet meeting, as speculation grew in financial markets that the central bank may raise its official discount rate to forestall inflationary pressure resulting from the boost in public works spending pledged by Japan in structural trade talks with the United States.

"You must ask the Bank of Japan about that issue rather than me," the top finance official told a questioner. Hashimoto, citing the tightening labor market, said, however, that the monetary authorities need to prevent the economy from overheating.

The Labor Ministry announced that the ratio of job offers to job seekers climbed to a 16-year high of 1.41 in May, reflecting the buoyant expansion of domestic demand.

Finance Ministry Lifts Ban on Subordinated Loans

OW2206133890 Tokyo KYODO in English 1300 GMT 22 Jun 90

[Text] Tokyo, June 22 KYODO—The Finance Ministry advised Japanese financial institutions Friday that it would lift a ban on subordinated loans, effective immediately.

Subordinated loans are unsecured loans in which creditors' order of credit for receipt of principal and interest is lower than that of other creditors. That is, debt is repayable only after other debts with a higher claim have been satisfied.

According to the Bank for International Settlements' (BIS)'s standards on capital adequacy, subordinated loans are categorized as "owned capital" and can thus be used by financial institutions to enhance their net worth ratios to meet the standards.

The ministry's notice to financial institutions said subordinated loans must be good for five years or more and loan contracts must be bilateral, signed between a creditor and a debtor.

Inaba Reelected Governor of Shiga Prefecture

OW2406140790 Tokyo KYODO in English 1333 GMT 24 Jun 90

[Text] Otsu, June 24 KYODO—Incumbent Minoru Inaba was reelected to a second four-year term as governor of Shiga Prefecture in an election Sunday.

Inaba, 60, backed by all political parties except the Japan Communist Party, defeated JCP-supported candidate Toshiro Hayashi, 49.

Inaba garnered 273,042 votes to 90,972 for Hayashi.

In his election campaign, Inaba called for development around Lake Biwa, the nation's largest lake, and construction of a local airport.

The voter turnout rate was 43.27 percent, the lowest ever for the prefecture's gubernatorial election.

NHK To Launch Backup Satellite BS-3H in April

OW2806050390 Tokyo NHK General Television Network in Japanese 1000 GMT 21 Jun 90

[Text] NHK has signed a contract to purchase a broadcast satellite from the U.S. firm General Electric Company. The new satellite, the BS-3H, will serve as a backup for NHK's direct satellite broadcasting.

NHK now broadcasts its satellite channel programs by the BS-2B satellite. Its replacement, the BS-3A, is scheduled to be launched in August by the National Space Development Agency. The BS-2B will back up the BS-3A after August, but it will be withdrawn from service by next spring. In order to ensure uninterruped satellite transmission, NHK has decided to launch the BS-3H as a backup to BS- 3A.

Keiji Shima, president of NHK, and the vice president of General Electric, Greenwood, signed the contract for the purchase of the satellite at the NHK Broadcasting Center in Shibuya, Tokyo.

The satellite BS-3H will be launched in the United States next April.

Council Recommends High-Definition TV Standards

OW3006010390 Tokyo NHK General Television Network in Japanese 1000 GMT 25 Jun 90

[Text] Standards developed by NHK for high-definition television broadcasting are to be adopted as the official standards for high-definition television broadcasting in Japan. This means that Japan can now make high-definition TV available to the public. Japan is also expected to become the world's first country to put high-definition TV into general use.

NHK is currently experimenting with high-definition TV, which features twice the definition of ordinary television and the same sound quality of compact disks.

A conference was held in Germany last month to discuss the setting of international standards for high-definition television. It was decided that Japan and Germany should go ahead and develop independent standards. Since then, Japan has been hurrying to establish domestic standards, and today the Telecommunications Technology Council of the Posts and Telecommunications Ministry reported its recommendation to adopt the standards so far developed by NHK.

The same council also presented recommendations for guidelines and for preventing hazards to human health from radiowaves. It says that there is no danger to health or life from radiowaves. The guidelines are meant to prevent damage to people working at telecommunications and broadcasting stations or in their vicinity.

The guidelines are the first to be set in Japan.

Mongolia

Byambasuren, Others at U.S. Envoy's Reception

OW0507122290 Ulaanbaatar International Service in English 0910 GMT 5 Jul 90

[Text] On the occasion of the national day of the U.S.A., the Independence Day, U.S. Charge d'Affaires to Mongolia Michael Senko hosted a reception attended by First Deputy Chairman of the Mongolian Council of Ministers Byambasuren, Secretary of the Presidium of the People's Great Hural Dashdemberel, and Foreign Minister Gombosuren.

Sharabsambuu Interviewed on Southest Asia Visit

OW0307184290 Ulaanbaatar International Service in English 0910 GMT 26 Jun 90

[Report on interview with Deputy Prime Minister Badrahyn Sharabsambuu by correspondent; place and date not given—italicized passages are Sharabsambuu's recorded remarks in Mongolian fading into English summarization]

[Text] Recently Mongolian Government delegation led by Deputy Prime Minister Sharabsambuu has visited some highly industrialized Asian countries, such as Hong

Kong, Singapore, Thailand, and also China. The main aim of the visit was to seek ways of exdpanding trade and economic cooperation with Asian and Pacific countries. Our radio correspondent has met with Sharabsambuu, who shared his impressions of the visit. Now we offer you the English version of (?his impressions):

The Mongolian governmental delegation has visited China, Singapore, Thailand, and Hong Kong. It was another practical move towards implementing Mongolia's open-door economic policy. Within the visit we heard first governmental talks on trade, economic cooperation with Southeast Asian countries, in part, on establishing business contacts between related industrial enterprises at first. We got acquainted with market policy of these countries and reviewed fine opportunities to exchange views with some companies and [words indistinct]. Moreover, we noticed the keen interest of these countries in Mongolia's economic potential and rich natural wealth. Actually, past (?relations) of these countries in our country were conditioned by the lack of information. But during our visit we have managed to sign a number of agreements on foreign investments and the construction of some projects, says the minister.

In addition to what Mr. Sharabsambuu has said, I would to mention here that Singapore has proposed to the Mongolian side to sign an intergovernmental agreement on (?transport). Some Hong Kong companies voiced their readiness to trade directly with Mongolia and expressed their interest to invest in the Mongolian national economy. For instance, the (?Nippon) Electric Corportion has proposed its services in setting up a color TV (?plant) as well as a number of other small-scale production in Mongolia. Moreover, these countries' interest in tourist exchange opens up another fine opportunity for expanding Mongolia's ties with Southeast Asian nations. Besides, the Hong Kong Cathay Pacific Air Company has agreed to send its representatives to Mongolia next August to sign an agreement for opening regular air route between Hong Kong and Ulaanbaatar. Now let's (?hear) Mr. Sharabsambuu's impressions:

When can we see the results of your tour?

It is (?a very) interesting question. Actually, we do everything possible to see the fruits of our visit in the nearest future. Next week we expect delegations from Thailand; in July and August, from Hong Kong and Singapore. [words indistinct] and this can be considered the first step toward effective development of trade and economic relations with Southeast Asian countries, says Mr. Sharabsambuu.

Would you now provide some more details about your visit to our (?listeners) and the agreement reached [words indistinct]?

In China, we were received by Mr. (?Wu Xueiqan), deputy premier of the Chinese State Council; and head of state Mr. (?Yang Shangkun); head of the Chinese side of the Sino-Mongolian economic cooperation, minister Chinese light industry. The main subject of discussion was the practical moves on the realization of agreement reached during the recent visit to China of the head of the Mongolian State Punsalmaagiyn Ochirbat. The Chinese side agreed to grant loans for the construction of some industrial enterprises in Mongolia. The Chinese side will be responsible for the commissioning of these enterprises while the Mongolian side will provide manpower. The [words indistinct] future industries' product will be used for satisfying the needs of Mongolia, and another part of their product will be exported to foreign markets and to China in exchange for loans.

Japanese Envoy Donates to Japan Studies Center

OW0307103690 Ulaanbaatar International Service in English 0910 GMT 3 Jul 90

[Text] Japanese Ambassador to Mongolia Mr. Takase has handed the appliances worth over 1 million yen over to the Mongolian Center of Japan Studies. This is the present of the Japanese Government to the Mongolian Center of Japan Studies.

Commentary Views Election Controversy

OW0507115290 Ulaanbaatar International Service in English 0910 GMT 5 Jul 90

[Station "commentary" on election campaign]

[Text] On July the 29th, general and municipal elections will take place in Mongolia. Next is a commentary on the election campaign.

For the first time in Mongolia's history, these elections will be held on a multiparty basis. On July the 8th, the electorate will take part in what can be called primary elections, leaving only two candidates in each constituency to run for final elections. The returns of primary elections will be considered valid if two-thirds of the electorate take part in them in each constituency.

Two forces have been opposing each other in the election campaign: the Mongolian People's Revolutionary Party [MPRP] and the Coalition of Democratic Forces composed of the Mongolian Democratic Party, Social Democratic Party, National Progressive Party, which was later joined by Green Party and Party of Free Labor.

The other day, the most influential opposition party, the Mongolian Democratic Party, held a conference and asked its pullout from the election campaign, arguing it was all tricky and unfair and the Mongolian People's Revolutionary Party was in fact forming a coalition with state and executive bodies. It denounced continuous infringements of the Electoral Law, especially in rural communities by the Mongolian People's Revolutionary Party functionaries there.

This very action of the Mongolian Democratic Party was strongly criticized by its coalition partners—Social Democratic Party and the Party of National Progress. Nevertheless, three days later the Social Democrats held also a conference and put forward several demands linking their realization with the participation in elections. Here is Mr. Byarmandzar, member of the Political Council of the Mongolian Social Democratic Party.

Asked about the details of these demands, Mr. Byarmandzar says the following:

[Begin Byarmandzar recording in Mongolian fading into English summnarization] First we asked to clarify the status of the People's Great Hural and that of the Small Hural. According to a recent booklet by the Mongolian People's Revolutionary Party, the Small Hural, which is to be instituted after elections, is being assigned a secondary part integrated to the People's Great Hural. We don't think that the Small Hural should be an executive organ of the People's Great Hural. In our view, it should become a permanently functioning parliament which endorses laws. [Secondly], we demand that the MPRP should function on a self-financing basis. It should stop receiving any donations from the state. Thirdly, we demand that all primary Mongolian People's Revolutionary Party organizations in the Army (?who function as) legislation bodies be removed. We also suggest that the state should grant funds to all political parties engaged in elections and invite international observers to them. [end recording]

This was an interview with Byarmandzar of the Social Democratic Party on Social Democrats' position on the election campaign.

Following the Social Democrats, the Party of National Progress has also formulated a number of demands to the ruling Mongolian People's Revolutionary Party and the Presidium of the People's Great Hural which mostly coincide with those of Social Democrats.

The Coalition of Democratic Forces are sharply critical of some provisions of the Election Law passed last March. It envisages, in part, that in urban zones one deputy is elected by 10,000 voters, while in rural zones two or three thousand people can elect a deputy. In many electoral commissions there are no representatives of the opposition parties because they were set up a few days before the official registration of political parties. The opposition media claim that in all 430 electoral commissions one can unveil cases of misinterpretating the Election Law which makes it hard to call the coming elections free and democratic. [sentence as heard]

In connection with these developments, Chairman of the People's Great Hural Punsalmaagiyn Ochirbat had a meeting with the representativs of the Mongolian Democratic Association, Mongolian Democratic Party, and New Progressive Union, Party of National Progress, and called on them to continue participating in the elections. He said that what is needed today is national concord in order to ensure the country's prosperity. He said the demands put forward by opposition parties are in most cases acceptable. Mr. Ochirbat said a decision is taken [as heard] to stop the activity of the Mongolian People's Revolutionary Party primary organizations in the Army [word indistinct] and security organs until a law is endorsed on party's presence in these and some other bodies.

Commenting on the cases of misinterpreting the Law on Elections, he said in no case this can be considered as a discrimination of new political forces, and added: In the Mongolian People's Revolutionary Party, there are today enough conservatively minded people that there are also quite enough radically minded people. [sentence as heard] He proposed that thorough investigation be made into each case which can be considered as disregard of candidates of the democratic coalition.

President Ochirbat did not exclude the possibility of inviting foreign observers to the elections.

The Coalition of Democratic Forces hold conferences in order to pass a final decision on the matter.

Byambasuren on Socioeconomic Renewal Program

OW0307184190 Ulaanbaatar International Service in English 0910 GMT 6 Jun 90

[Text] Now we present you an article published in the Russian language newspaper NOVOSTI MONGOLI about the government course on improvement of people's well-being in Mongolia.

Mongolian Government in its recently worked out socioeconomic renewal program has set as an object to increase per-capita real incomes of urban inhabitants by 20 percent and those of rural inhabitants by 30 percent by 1995. The main trends of this program are: the growth of public production efficiency on the basis of introducing advanced technology into production; the rational utilization of natural resources; the switchover to state oriented market economy; the development of production relations; the system of domestic and foreign trade prices; and foreign trade ties. Particular attention in the economic policy is drawn to strengthening its social orientation, writes the newspaper.

The essence of the basic guidelines of socioeconomic renewal of Mongolia today is the increase of living standard of the Mongolian people. In this sense, the recent government decision to remove restrictions of privately owned livestock of the population is an important step towards [as heard] the present government policy. This should be also considered as the first step towards the affirmation of different forms of property, notes the newspaper.

First deputy chairman of the Mongolian Council of Ministers, chairman of the State Committee for Socioeconomic Development of Mongolia, Mr. Byambasuren, speaking recently at a press conference explained the government's program. He, in particular, noted the three characteristic sides of this document, which is to be implemented within the nearest five years. Firstly, in the program's economic policy, there is stressed the social development task. Secondly, there has been advanced the task of increasing labor productivity by introducing progressive technology into production, developing smaller modern industry, establishing small and medium sized enterprises. And thirdly, the program opens the possibilities for developing state cooperative and individual property, writes the newspaper.

Particular features of the present government course, said Mr. Byambasuren, are also decentralization of production relations, granting greater autonomy to administrative units in planning, implementing socioeconomic program, and linking producer and consumer to establish a united economic contact. Among priority tasks which are to raise the efficiency of public production, there are pointed out the tasks of carrying out deprocessing [as heard] of animal production, mineral raw materials, and putting out high quality production which could compete on foreign markets, notes the newspaper.

According to Mr. Byambasuren, the four times increase of cooperative and individual house dwellings planned for the nearest five year period, as compared with the previous one, is quite a workable plan. This is the most optimum way to settle the housing problem in Mongolia which still remains to be rather urgent.

Concerning the other complicated problem—unemployment, Mr. Byambasuren noted the two reasons: the population explosion which passed ahead of the production development and deviations in education policy and training of personnel.

Mr. Byambasuren considers that we can get out from this situation if we create enough working places in local areas; that is, intensify production development in provinces and create good living conditions in rural areas where the demand for personnel, particulary in livestock breeding, remains high.

As is known, starting from next year Mongolia will passover to world prices in the foreign market relations in the framework of the open-door economic policy. Mr. Byambasuren noted that this process will go on gradually concerning the USSR and other Eastern European countries. We hope that all this will contribute to quicker and more successful implementation of all the tasks planned in the government program, notes the newspaper.

Justice Minister Explains Draft Labor Code

OW0507125590 Ulaanbaatar International Service in English 0910 GMT 5 Jul 90

[Text] A draft labor code of Mongolia has become an important step towards greater autonomy of enterprises and the organizations and lays down the conditions for the realization of self-management principle, writes Minister of Justice and Arbitration of Mongolia Jambaldorj in his article published in the daily UNEN. The realization of the draft will require some 45.5 million tugrik a year, notes the minister.

North Korea

Panmunjom Opened To Foster Contact With ROK

SK0607001490 Pyongyang Domestic Service in Korean 2200 GMT 5 Jul 90

[Text] Authorized by the joint meeting of representatives of the DPRK Government, political parties, and public organizations held in Pyongyang on 3 July, the Committee for Peaceful Reunification of the Fatherland [CPRF] released a statement on its conscientious stand on actively promoting contacts and visits between the North and South.

The statement reads:

At a time when the aspirations and desires of all fellow countrymen for national reunification have become stronger than at any time in the past, a call for mutual contacts, exchanges, and visits is growing at unprecedented speed among people from all walks of life in the North and South and abroad.

This is extremely right and natural for our people who want to turn the nineties, the last decade of the 20th century, into a decade of historic national reunification.

Reflecting the unanimous desire of these fellow countrymen, at the outset of this year we put forward an epoch-making proposal for breaking down a concrete wall built in areas south of the military demarcation line [MDL] and for realizing free travel and full-scale opening up, and have been making every sincere effort possible for its realization.

When the concrete wall, a symbol of confrontation and division, is removed and free travel and full-scale opening between the North and South is realized, there is no question that the desire of the people from all walks of life for mutual contacts, exchanges, and visits will be satisfactorily realized, that this will open a crucial phase in dissipating the misunderstanding and mistrust that have accumulated for a long time, and that this will promote national reconciliation and unity.

So, when our new proposal for national reunification was made public, all the Korean compatriots in the North and the South and abroad, extending to it unqualified support and welcome, unanimously called for the removal of the concrete wall and the wire fences along the MDL and for the realization of free travel and full-scale opening at the earliest possible date.

Our new proposal, however, has not yet been realized, even though half a year has already passed since it was made public; the state of isolation between the North and the South will not disappear easily.

It is a national shame that at a time when countries that had remained divided have embarked upon the road toward reunification, our people who have thirsted for reunification more than anyone else have not yet taken one single step to break down the wall of division.

We must open a decisive phase for reunification in the near future at all costs. Toward this end, the concrete wall must be pulled down and free travel and full-scale opening between the North and South must be realized.

Nevertheless, the South Korean authorities, while rosily paying lip service to opening up and saying that they welcome free travel between the North and the South, are in reality sticking to their closed-door policy and following their same old practice.

If the South Korean authorities impose complicated procedures on such activities among consanguineous people, thereby approving contacts and visits if they are palatable to them and refusing those that are otherwise, and control such activities by saying that some can visit the North and some others cannot, such visits and contacts cannot really be helpful to national reconciliation, unity, and reunification.

The South Korean authorities should abandon their self-righteous attitude of monopolizing visits and contacts between the North and South by freeing themselves from the anachronistic and outdated concept of confrontation, and should discontinue such acts as chaining the hands of people from all walks of life.

To break down the wall of division and realize free travel and full-scale opening up between the North and South is our unwaveringly firm stand and will.

Under circumstances in which even the negotiations for realizing free travel and full-scale opening up between the North and South have not been arranged, we cannot sit and wait indefinitely for a solution.

As a matter of course, we have to figure out a way of realizing the pressing desire and call of all fellow countrymen for contacts and visits even before the negotiations between the North and South.

Regarding this, the CPRF, authorized by the joint meeting of representatives of the DPRK Government, political parties, and organizations, states our conscientious stand on realizing contacts and visits between the North and the South, as an immediate task, and as a measure to substantially hasten the independent and peaceful reunification of the country:

1. The contacts and visits between the North and the South should be carried out in close connection with the solution of the issue of reunification.

The fundamental objective of realizing all the contacts and visits between the North and the South consists in promoting national reconciliation and unity and accelerating the reunification of the country, rather than in the contacts and visits themselves. The visits and contacts which serve the interests of only some particular classes and strata not connected with the solution of the issue of reunification cannot contribute to the reunification of the country and national unity. Visits and contacts of this nature will only be used to fix the present state of division.

Today, when reunification of the fatherland has become an urgent task that cannot be postponed any longer, the contacts and visits between the North and the South, no matter what form and method they may employ, must have the discussion of the issue of reunification as their main objective and discuss the issues connected with the interests of the relevant sectors and organizations. From this position, we will always welcome visits to the North by the political parties, organizations, and people of all strata from South Korea and overseas to discuss issues revelant to the interest of the relevant sectors as well as the issue of reunification.

Also, if the political parties, organizations, and people of all strata of South Korea invite the political parties, organizations, and people of all strata of the North for the same purpose, we will gladly respond to it regardless of where and when it may be.

2. In contacts and visits between the North and the South, all the political parties, organizations, and people of all strata with different ideology, ideals, and political views should all participate without discrimination on an equal basis [tongdung hage].

Transcending the differences in ideologies, ideals, and systems is one of the most important principles that should be observed in solving the issue of reunification, and this must be embodied in the visits and contacts between the North and the South. If any political parties, organizations, or individual figures are excluded from the contacts and visits between the North and the South because of differences in ideology, ideals, and political views, the contacts and visits themselves cannot be carried on smoothly, and even if the contacts and visits are realized, they will not contribute to promoting national reconciliation and unity.

The visits between the North and the South themselves presuppose contacts between people of different ideology, ideals, and political views. Therefore, political parties, organizations, and figures of all strata who wish to make contacts and visits between the North and the South should under no circumstances be excluded or discriminated in contacts or visits because of differences in ideology or ideals.

In reality, South Korean people from all strata now strongly demand that they visit and contact the North. Their demand should be realized without discrimination and they should not be excluded from the contacts and visits because of the difference in political views, property, and social status. Both the North and the South should provide all conditions and expediency so that people from all walks of life, including the workers, peasants, youths, students, politicians, industrialists, intellectuals, people of culture, religionists, and women regardless of whether they are bourgeois, proletarians, politicians, nonpoliticians, theists, atheists, men, or women can contact and visit each other. From this standpoint, we will pay deep attention in the future so that the workers, peasants, youths, students, and women, who share the absolute majority of the population, will not be excluded from the contacts and visits between the North and the South.

As an immediate task, we will support and welcome the visits to Pyongyang in the near future by all the South Korean political parties, organizations, and individual figures who have proposed or wished contacts with us without discrimination owing to problems related to ideology and political views, and we will respond to their invitation at any time.

3. Contacts, visits, and exchanges between the North and the South should not be restricted or be placed under control by any legal or social conditions. Those who are directly responsible for reunification are people from all walks of life in the North and the South. The free participation of people from all walks of life in realizing the cause of reunification—the main force for reunification—is their sacred right that no one can violate. In order to make people from all walks of life in the North and South, the main force for reunification, freely take part in the sacred cause of reunification, it is imperative to create a free social environment and an atmosphere in which people from all walks of life in the North and the South can broadly visit and freely contact each other; legal and social conditions that are obstructive to such activities should be removed.

In South Korea, however, the notorious National Security Law, which defines our republic as an anti-state organization and our people as members of an anti-state organization still exists and a large number of people who contacted, admired, and encouraged us, including the patriotic personages who have returned home after visiting the North for reunification have been imprisoned on charges of violating this evil law and are languishing behind the bars.

Frenetic government-sponsored anticommunist functions against the North also take place daily in South Korea. Under such circumstances, in which legal conditions and the social environment encourage confrontation between the North and the South, and foster mistrust and animosity within the nation, it is impossible to realize contacts, visits, and exchanges in a free atmosphere. Even if some contacts, visits, and exchanges are realized, they will only be used for the purpose of confrontation and division.

So, in order to realize contacts and visits between the North and the South broadly and successfully, without any obstacles, all such evil laws as the National Security Law must be abolished and all manner of sociopolitical functions denouncing and attacking the opposing side should be ceased.

When such aboveboard principles designed to realize contacts and visits between the North and the South are enacted, many people can freely come and go and make contacts between the North and the South; the misunderstanding and mistrust that have accumulated for a long time can be easily dissipated; and national reconciliation and unity can be greatly promoted.

In order to successfully ensure North-South contacts and visits, we will open our side's area of Panmunjom, beginning 15 August 1990, and hope that the South side, too, will take a measure equivalent to this.

At the same time, we will ensure the personal safety of South Korean compatriots and overseas compatriots visiting the North for North-South contacts and visits and will guarantee all manner of conveniences for them.

Our conscientious stand on contacts and visits between the North and the South is the most reasonable and practical assertion, proceeding as it does from a serious desire to open at all costs a new phase for national reconciliation and unity in the near future even under the conditions where free travel and full-scale opening up between the North and the South have not been realized.

Basing ourselves on such principles, we will actively promote contacts and visits between the North and South.

We are convinced that our stand on contacts, visits, and exchanges between the North and South will provoke unqualified support and sympathy among all the fellow countrymen.

[Dated] 5 July 1990 Pyongyang

Text of Agreement on Opening N-S Talks Drafted

SK0607112590 Pyongyang KCNA in English 1106 GMT 6 Jul 90

[Text] Panmunjom July 6 (KCNA)—The first working-level contact for the drafting of the text of the agreement on the opening of North-South high-level talks was held today in camera in the conference room of the Neutral Nations Supervisory Commission at Panmunjom.

It was participated in by two delegates from each side.

At the end of the contact, delegate of our side Choe U-chin gave a news briefing.

According to him, the sides drafted the text of the agreement on the opening of North-South high-level talks as had been agreed upon at the seventh preliminary talks held on July 3.

The sides finished in the main the drafting of the text of the agreement.

They agreed to have the next contact on July 12.

ROK Accused of 'Infiltrating' Combat Vessel

SK0507132990 Pyongyang Domestic Service in Korean 1200 GMT 5 Jul 90

[Text] The South Korean puppets committed a grave military provocation of infiltrating a combat vessel deep into our territorial waters in the West Sea.

Today, the South Korean puppets once again committed the military provocation of illegally infiltrating a combat vessel deep into the territorial waters in the West Sea of our country.

Today, at around 1417 [0517 GMT], the South Korean puppets committed the crime of infiltrating a combat vessel deployed in Paekryong Island deep into the territorial waters in the sea off Tungsangot on the western coast of our country, with the intention to antagonizing us in broad daylight.

A patrol craft of the Navy of the Korean People's Army [KPA], which had been on routine duty to firmly defend the territorial waters of our socialist homeland, rapidly went to the scene. The rascals fled toward Paekryong Island, as their attempted aggression was foiled by the KPA Navy patrol craft.

The reckless infiltration actions by the South Korean puppets, who have recently infiltrated combat vessels in succession deep into the territorial waters in the West Sea of our country, are premeditated provocation maneuvers aimed at constantly aggravating the tense situation on the Korean peninsula and at pursuing confrontation and a policy of war, while going against the trends of the times toward dialogue and detente .

The U.S. imperialists and the South Korean puppets should clearly ponder over the consequences of the rascals' frequent military provocation maneuvers and act with discretion.

'Broad Strata' Oppose ROK Broadcasting Bill

SK0607051090 Pyongyang KCNA in English 0453 GMT 6 Jul 90

[Text] Pyongyang July 6 (KCNA)—South Korean people of broad strata oppose the No Tae-u group's scheme for a "broadcasting structural reorganization."

Union representatives of five broadcasting corporations including the "Korea Broadcasting System" (KBS), "Munhwa Broadcasting Corporation" (MBC) and "Christian Broadcasting Corporation" formed a joint measure committee to check the malrevision of the "Broadcasting Act" in late June and declared that they would launch joint protests of diverse forms including the boycott of programming.

In case the "government" refuses to totally scrap the undemocratic broadcasting restructuring bill we will hold citizens' rallies and establish an all-people joint body including dissident organizations and wage a powerful struggle, they declared.

Union chairmen of broadcasting corporations called a press conference at the MBC union office in Youido, Seoul, on June 21. Charging that the "broadcasting restructuring bill" "revealed their plot to bring the broadcasting businesses under their control," they demanded that the puppet clique totally withdraw the fascist "bill."

Earlier, on June 15, the National Federation of Press Unions (Onnonyon) published a commentary condemning the projected "press structural reorganization" as a criminal act seeking to bring the press under the "government" control and make the broadcasting a possession of financial monopolies and, on June 18, issued a resolution vowing to fight it out to check the "broadcasting restructuring." Some 130 professors under the North Cholla Provincial Council of Professors for Democracy issued a statement on June 26 denouncing the "broadcasting restructuring bill."

The statement noted that the puppets' projected "broadcasting structural reorganization" is aimed at "dispersing public broadcasting and weakening the forces which call for democratic broadcasting, fostering low- quality culture and controlling the broadcasting function of political and social criticism."

Immediately stop the broadcasting structural reorganization, it strongly demanded.

The human rights committee of the council of Christian churches at a consultative meeting in Puyo on June 19 denounced the No Tae-u group for seeking a second press amalgamation and shutdown through the "broadcasting structural reorganization" and plotting for a long-term office of the "Democratic Liberal Party."

Earlier, the Federation of Christian Social Movement issued a statement demanding the democratization of broadcasting service.

The opposition Party for Peace and Democracy in a statement on June 26 demanded "the renunciation of the broadcasting restructuring bill," and the Democratic Party promised press organizations to take an active part in the struggle to check the malrevision of the "Broadcasting Act."

Millions 'Misappropriated' From ROK Funds

SK0507050490 Pyongyang KCNA in English 0438 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—The No Tae-u group, unable to conceal any more the fact that it misappropriated 55,200 million won from the "national funds" including the "budgets" of eight ministries and agencies such as the puppet finance ministry and the Seoul city "budget" to rig No Tae-u's "election as president" in 1987, let the puppet prime minister "explain" and "apologise" for the case.

This fully shows the world once again that the traitor No Tae-u's "election" was a result of the sabre-rattling and irregularities, stresses NODONG SINMUN in a signed commentary today.

It says:

The misuse of funds from the "budgets" of ministries and agencies and the "budget" of Seoul city by the puppet administration is one of the numerous cases of irregularities of No Tae-u. It proves that although many of them have already been brought to light, quite a few number of them are still in obscurity.

The traitor No Tae-u attempts to avoid the blame for the current controversial case of swindles. At the "extraordinary session of the National Assembly," the puppet prime minister said he felt sorry that the "funds for local affairs" were used as "funds for elections," but added that it occurred at the time of the "Fifth Republic Government" and there has no such thing under the "Sixth Republic Government." This is one more deceptive drama directed by No Tae-u to conceal his criminal career of sabre-rattling and irregularities.

No matter how skillful No Tae-u may be in the art of disguise, he will not be able to conceal his ugly color as the mastermind of irregularities and robber of "power" and will be overthrown by the people.

A news analyst of MINJU CHOSON said that as the truth behind the "presidential" election rigging has been brought to light, No Tae-u has no reason or face to remain in power.

'Defector' Talks With Media, Denounces ROK

SK0507110390 Pyongyang KCNA in English 1050 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—The politics in the North shaped by respected president Kim Il-song and the dear leader Mr. Kim Chong-il is, indeed, a good politics of valuing the people and the socialist North, the ideal society of the people, will be immortal like the sun rays, said Pyo Pyong-ho who defected some time ago from South Korea to the northern half of the country.

The young man was speaking before home and foreign reporters today.

Before coming to the North he served as a crew of a Greek-flagged ship of the Pusan Star Marine Co. Ltd. of South Korea.

The defector said he deeply felt that the North is really a good society for the people.

Pyo Pyong-ho, 24, was born at Hannam-tong, Yongsan District, Seoul.

He told the reporters that his defection was motivated firstly by his father's will and secondly by his resentment at the South Korean social system which left a scar on his heart.

"My father," he said, "was an officer of the Korean People's Army during the fatherland liberation war. He went southward down to the Nakdong River where he was seriously wounded and taken to the Koje Island concentration camp by the enemy, and crippled by torture. When he was dying seven years ago, he told me to go to the North guided by General Kim Il-song and live a dignified life in his place."

At the age of 13, Pyo Pyong-ho became a monk in a mountain temple and went about asking for alms and then did all he could in Seoul—shoe polishing, chewing gum hawking, news vending, etc. to help his crippled father. He even rummaged dust bins, washed dishes at restaurants and worked as a day laborer.

"I was not the only one who experienced this suffering and distress. Ordinary people, the majority of the South Korean population, live such a life," said the defector. "I will curse all my life the South Korean society which regards a penniless man not worth a dog and even killed my father."

Pyo Pyong-ho laid bare the corruption of the South Korean society, citing his own experiences. He said:

The South Korean authorities are selling people to foreign shipping companies as slaves. The authorities squeeze a colossal amount of dollars from this, but those hired by foreign ships receive a few pence far less than stipulated by the "ITF" [expansion unknown]

Afraid that this might be reported to the ITF, the authorities of the South force the seamen to write an oath and even draw up false pay-list specifications to avoid the eyes of the inspectors.

He called upon the reporters present to report this to the ITF.

Kidnapping and selling off people is openly committed in the broad daylight in South Korea.

Flesh traffic groups and traffickers kidnap defenceless women and juveniles and sell them to the gay quarters. The authorities, however, turn a blind eye to this and, worse still, patronize and encourage this.

Noting that though No Tae-u made a long string of commitments including the "June 29 declaration for democratization" none of them have been honored, Pyo Pyong-ho said that a fascist rule more truculent than the "Yusin" and the "Fifth Republic" dictatorship is in force in the South.

He urged the Americans to discard their filthy aggressive design to perpetuate the colonial rule in South Korea by manipulating No Tae-u and take their hands off South Korea at once.

ROK, U.S. Forces Conduct 'War Exercises'

SK0507231390 Pyongyang KCNA in English 2231 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—The U.S. imperialists and the South Korean puppets stage more frantically war exercises simulating an attack on the North by bringing Pacific-based planes into South Korea in succession, according to military sources.

The U.S. imperialists brought formations of pursuit-assault planes, assault planes and electronic jamming planes such as FA-18, A-6 and EA-6 based in the Iwakuni base, Japan, to the Osan Airforce Base in South Korea and hurled them in a planned way into the sky above an operational zone between 10:00 and 16:00 July 3 for an aerial electronic warfare exercise aimed at aggression on the North with the support of electronic jamming planes, in a real war atmosphere.

They mobilized formations of C-130, C-9, C-141 and C-123 transport planes carrying special troops and combat equipment between July 2 and 4 for long-hour exercises of parachuting and supplies dropping aimed at a surprise infiltration into the depth of the northern half of Korea in "case of emergency."

And between around 10:00 and 20:00 on July 4, formations of "F-16" fighter-bombers belonging to the U.S. 7th Airforce in South Korea frantically staged air strike, ground target strike and live bomb dropping exercises in the sky above Wonju, Kongju, Chungju and other areas in coordination with "F-4," "F-5" and "A-37" fighter-bombers and assault planes of the South Korean puppet Airforce.

A total of 540 planes of various types participated in the seven rounds of aerial war exercises staged by the U.S. imperialists and the South Korean puppets that day.

Meanwhile, the South Korean puppets brought motorized infantry, helicopter, tank and armoured vehicle units to the areas near the military demarcation line from July 1 to 4 and viciously staged a drill for a massive use of helicopters in "case of emergency" and "guerrilla" warfare, infiltration, surprise strike and river-crossing exercises.

Anniversary of USSR Friendship Treaty Marked

Reception at Soviet Embassy

SK0607051790 Pyongyang KCNA in English 0501 GMT 6 Jul 90

[Text] Pyongyang July 6 (KCNA)—A reception was given at the Soviet Embassy here Thursday on the occasion of the 29th anniversary of the signing of the USSR-DPRK Treaty of Friendship, Cooperation and Mutual Assistance.

Speaking at the reception, Boris Mikhaylovich Morozov, charge d'affaires ad interim of the Soviet Embassy, said: We have conducted activities regarding it our basic duty to strengthen and develop Soviet-Korean friendship in every way and improve allround cooperation between the two countries.

This line will remain unchanged, whatever trial may lie on the way of the development of the relations between the two countries, he declared.

He welcomed all the realistic and peaceloving proposals for the reunification of Korea set forth by Comrade Kim Il-song, president of the Democratic People's Republic of Korea.

He said:

Let me emphasize that the Soviet people will continue to unequivocally support, in the future, too, the just struggle of the Korean people to make the foreign troops and nuclear weapons withdraw from the Korean peninsula and reunify the country peacefully on a democratic basis. This is in full accord with the spirit of the USSR-DPRK treaty of alliance and the Soviet foreign policy.

In her speech Vice-Premier Kim Pok-sin said:

The present international situation and the development of the situation in Asia-Pacific region demands that the two sides practically and sincerely discharge their duty as allies in the spirit of friendship and cooperation in keeping with the objective of the treaty. We think it is of weighty importance in developing the friendly relations between the two countries and guaranteeing peace and security in this region.

Today the fraternal Soviet people are striving to carry out the socio-political and economic tasks and increase the might of the country as a whole. We wish the Soviet people success in the socio-economic development and the work of the 28th congress of the Communist Party of the Soviet Union.

It is the invariable stand of ours to develop friendly and cooperative relations with the Soviet people. We think that concerted efforts should be made so that the traditional relations of friendship and cooperation may continue to develop, defying the obstructions of the reactionaries.

Newspapers Praise Agreement

SK0607054490 Pyongyang KCNA in English 0519 GMT 6 Jul 90

[Text] Pyongyang July 6 (KCNA)—Papers here today observe the 29th anniversary of the signing of the Korean-Soviet Treaty of Friendship, Cooperation and Mutual Assistance.

NODONG SINMUN says in a signed article:

The friendly and cooperative relations between the two countries have developed in the spirit of this treaty. This contributes to the acceleration of the building of a new life in the two countries and defense of peace in Asia and the rest of the world against the imperialist moves of aggression and war.

Now the Soviet people are working hard to fulfil the socio-political and economic tasks confronting them and increasing the potentials of the country as a whole.

The Soviet Union has consistently pursued a peace policy and made positive efforts to eliminate nuclear and chemical weapons, drastically reduce the conventional weapons and build a peaceful world without war.

The Korean people express support and solidarity for the Soviet people in the struggle for world peace and security.

The Korean people value the traditional relations of friendship and cooperation with the Soviet people and believe that these relations will be consolidated in the spirit of the Korean-Soviet Treaty of Friendship, Cooperation and Mutual Assistance.

MINJU CHOSON in a signed article stresses that the Korean people wish the Soviet people greater success in the struggle to increase the might of the country and preserve a durable peace in the world.

Yi Chong-ok Confers With PRC Ambassador

SK0507232790 Pyongyang KCNA in English 2229 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—Vice-President Yi Chong-ok today met and conversed with the Chinese newly-appointed Ambassador E.P. to Korea Zheng Yi at the Mansudae Assembly Hall, who paid a courtesy call on him.

Vice-Minister of Foreign Affairs Cha Pong-chu was on hand.

Ecuadoran Parliamentarian Meets Kim Il-song

SK0507105390 Pyongyang KCNA in English 1045 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—The great leader President Kim Il-song today received Wilfrido Lucero Bolanos, speaker of the Chamber of Representatives of the Republic of Ecuador and president of the Parliament of Andes, and his party on a visit to Korea.

Present there were Paek In-chun, vice-chairman of the Standing Committee of the Supreme People's Assembly, and Kang Sok-chu, first vice-minister of foreign affairs.

President Kim Il-song had a conversation with the guests in a cordial and friendly atmosphere.

He was presented with a gift by the speaker of the Chamber of Representatives.

President Kim Il-song gave a luncheon for the guests.

Gives Kim Chong-il Gift

SK0507105790 Pyongyang KCNA in English 1047 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from visiting Wilfrido Lucero Bolanos, speaker of the Chamber of Representatives of the Republic of Ecuador and president of the Parliament of Andes.

The gift was handed to an official concerned by the speaker.

Solidarity Committee Delegates to Cuba, Spain

SK0407223890 Pyongyang KCNA in English 1517 GMT 4 Jul 90

[Text] Pyongyang July 4 (KCNA)—A delegation of the Korea-Cuba solidarity committee led by its chairman Chong Song-nam, Minister of External Economic Affairs, to visit Cuba and a DPRK festival delegation led by Kim Chin-pom, vice-chairman of the Korean Society for Cultural Relations with Foreign Countries, to attend the 11th "Romaria internacional" festival in Spain left here today.

Meeting Held With Cuban Tourists at Joint Plant

SK0507110090 Pyongyang KCNA in English 1048 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—A meeting with members of the Cuban tourist group was held today at the Korea-Cuba Friendship Pyongyang textile machine plant.

The meeting proceeded in a friendly atmosphere.

Prior to the meeting, the guests were shown round the tool and power shops associated with the immortal history of dear Comrade Kim Chong-il and other shops of the plant.

African Party Leaders Praise WPK Achievements

SK0407223290 Pyongyang KCNA in English 1505 GMT 4 Jul 90

[Text] Pyongyang July 4 (KCNA)—Delegations of Party Workers of African countries staying in our country at a press conference July 3 dwelt on the achievements made by the Workers' Party of Korea [WPK] in the building of a new society.

Mbonayo Aloys, councillor of the National Permanent Secretariat of the Burundi Party of National Unity and Progress, said that the experiences of the Workers' Party of Korea in having built a socialist country of independence, self-sustenance and self-reliance in defence under the banner of the chuche idea are a precious treasure of worldwide importance.

I was deeply moved by the high organisational ability of the WPK, he said, adding: Such slogans as "Let us produce, study and live the way the anti-Japanese guerrillas did!" and "Once the party is determined, we carry anything out!" Which can be seen at all the industrial establishments, rural areas and construction sites tell how high the trust of the Korean people in the party is and the unity of the party and the popular masses, he said.

Jude Thera, secretary general of the Central Executive Bureau of the Malian People's Democratic Union, had this to say:

The Workers' Party of Korea maintains the principles of independence in politics, self-sustenance in economy and self-reliance in defence, and solves everything, centring on man.

Alimata Traore, secretary in charge of external relations of the Executive Committee of the People's Front of Burkina Faso, said that the Korean People have been able to create miracles and traverse a triumphant road as they are under the loving care of the great leader President Kim Il-song and dear Comrade Kim Chong-il who have devoted their all to the happiness of the people, always finding themselves among the people and sharing woe and weal with them. This is why the Korean People entrust their destinies entirely to the party.

Dogodangue Danangue [name as received], member of the Central Committee of the Togolese People's Rally, stated that the reality of Korea shows the diligence and devotion of the Korean people and the leadership ability of the Workers' Party of Korea.

Baye Ba, technical councillor of the Economic Affairs Department of the central executive bureau of the Malian People's Democratic Union, pointed out:

I can find nowhere such a social system under which the people get free medical service and education free of charge with no worries about jobs, exempted from all taxes and the state looks after the livelihood of the people.

Ramambazafy Armand, member of the Political Bureau of the Central Committee of the Malagasy Vanguard of Revolution and general secretary of the Ministry of Information, Ideological Animation and Cooperativization, remarked:

The unity and cohesion of the leader, the party and the masses is a source of all the victories of the Korean people.

Socialist construction is making a triumphant advance in the DPRK under the banner of the chuche idea.

The socialist system of Korea is, indeed, the most superior social system in the world.

Central People's Committee Names Togo Envoy

SK0507104890 Pyongyang KCNA in English 1044 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—Cho Chun-hyong was appointed ambassador extraordinary and plenipotentiary of the Democratic People's Republic of Korea to Togo, according to a decree of the Central People's Committee of the DPRK.

Kim Chung-nin, Officials Attend Idea Symposium

SK0507050290 Pyongyang KCNA in English 0432 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—A central symposium on the idea and theory of the Korean nation first spirit propounded by dear Comrade Kim Chong-il was held at the People's Palace of Culture on July 4.

Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea, and officials concerned were present at the symposium.

The speakers said dear Comrade Kim Chong-il propounded the unique idea of the Korean nation first spirit on the basis of a scientific analysis of the law governing the revolutionary struggle of the masses of people for chajusong in our era and of the importance of the spirit of national independence in the existence and development of the nation, and gave an overall exposition of the essence of this spirit and its basic content, the principle and ways of bringing it into full play, and thus consummated the idea of the Korean nation first spirit as an integral ideological and theoretical system.

Dear Comrade Kim Chong-il has said:

"The Korean nation first spirit is, in a word, pride and self-respect of the greatness of the Korean nation, a noble ideological sentiment which is expressed through a high degree of self-consciousness and will to further exalt that greatness."

The speakers noted that this spirit is pride and self-respect of the greatness of the Korean nation, a noble ideological sentiment which is manifested through a high degree of self-consciousness and will to further exalt it, and it has nothing to do with racism or national chauvinism.

Saying it is a highest honour, happiness and pride of the Korean people to have the respected leader President Kim Il-song and dear Comrade Kim Chong-il in high esteem, they explained and proved that the guidance of the great leader and the great party, the great chuche idea and the most superior socialist system are the fundamental source of the Korean nation first spirit.

As the principled requirements of bringing the Korean nation first spirit into full play and the ways of meeting them have been expounded on a scientific basis a broad avenue has been opened for developing our people's spirit of national independence to a new height and fully displaying the wisdom, might, dignity and honour of our nation, they stressed.

Efforts To Expand Heavy Industries Foundation

SK0507101590 Pyongyang KCNA in English 1005 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—Big efforts are being directed in Korea this year, too, to expand and consolidate the foundations of heavy industries.

A large fund for capital construction, or 7.5 percent up on last year, has been allotted to the power, mining and metallurgical industries to rev up the construction of their bases.

In the domain of power industry some 10 large-scale power stations including the December thermal power station, Nyongwon and Namgang power stations are under construction and hundreds of small and medium-size hydraulic power stations will be built across the country.

The reconstruction and expansion of the Sunchon district coal mining complex, the Komdok mining complex and other coal and ore mines is progressing fast. And a large-scale new modern steel plant is under construction and iron and steel production bases are being rebuilt on an expansion basis.

Workers in the domains of machine-building, electronics and automation industries are pushing ahead with the capacity expansion projects of machine factories and the construction of an integrated circuit plant at a fast tempo. Electronic goods and electronic materials production bases are also being consolidated still further.

Those in the chemical industrial sector are hastening the construction of the Sariwon potassic fertilizer complex at a high cost, reconstructing and expanding major chemical plants and setting up new production processes.

This helps to increase the chuche character and potential of heavy industries and further supplement their departmental structures.

Class Consciousness Among Working People Urged

SK0507103190 Pyongyang KCNA in English 1021 GMT 5 Jul 90

[Text] Pyongyang July 5 (KCNA)—Party organizations at all levels should carry on anti-imperialist education in a deep-going way, taking it as an important work of firmly building up our revolutionary ranks politically and ideologically from a class point of view and upholding the banner of class and the banner of socialism to the end, stresses NODONG SINMUN today in an editorial.

What is important in the anti-imperialist education is to help the party members and other working people deeply understand in theory the reactionary nature of capitalism and imperialism and the law of class struggle and let them know about the crime-woven history of the imperialists and class enemy with vivid facts, the editorial says, adding:

It is particularly important in anti-imperialist education at present to make the people have a correct understanding of the reactionary nature and craftiness of the imperialists' anti-socialist campaign.

The imperialists are now attempting to turn the socialist countries back to capitalism by paralysing the people's revolutionary consciousness through ideological and cultural infiltration, bribing them economically with "aid" as a bait, and brewing socio-political disturbances.

That is why, we should bring the people to see clearly the falsity of the imperialists' sophism about "crisis of socialism" and "end of communist ideal".

We should prevent the reactionary ideology and culture spread by the imperialists and all sorts of anti-socialist trends from infiltrating into our revolutionary ranks.

Even when we want to sing, we should sing songs of struggle to defend the red flag of the revolution to the end, and even when we want to tell something we should say words full of conviction and optimism about the victory and future of revolution so that a sound and militant way of life may prevail all over the society.

The editorial calls upon the rising generation to have a clear stand to resolutely defend and glorify down through generations our system which the revolutionary forerunners gained through the life-and-death class struggle and which is dyed with the noble blood and sweat of the people of the old generation.

South Korea

NAEWOE Reports North's Opening of Panmunjom

SK0607075790 Seoul YONHAP in English 0717 GMT 6 Jul 90

[Text] Seoul, July 6 (YONHAP)—The North Korean side of the truce village of Panmunjom in the demilitarized zone will be open to South Koreans from Aug. 15, North Korea announced Thursday.

According to radio broadcasts monitored by NAEWOE PRESS, a North Korea watcher based here, Friday, the North Korean Committee for Peaceful Reunification of the Fatherland said that the northern half of the joint-security area in Panmunjom would be opened so as to guarantee free travel and contact between the two halves of the divided peninsula. The responsibility for security in the truce village, which has been the venue for armistice and many inter-Korean contacts, is shared by North Korea and the U.N. Command, which control the northern and southern halves, respectively.

"We will always welcome South Korean and foreign visitors to our country if they come here to discuss reunification or related subjects. We are also willing to accept invitations from South Korean political parties and social organizations to discuss common interests, regardless of place or date," said the powerful agency for setting policies on inter-Korean affairs. In the statement, purportedly made by the July 3 conference of government officials, politicians and representatives of social organizations, the committee suggested contacts between South and North Korea be pursued on three principles.

The principles are that contacts should be "connected with the problem of solving the reunification question, participated in equally by people of all walks of life, and free from limitations stemming from legal and social conditions." Pyongyang watchers here say the opening is aimed at supporting a leading South Korean dissident organization's plan to hold a "pan-Korean people's rally" on Aug. 15 at Panmunjom. The National Alliance of Democratic Movements has said it would hold that rally in commemoration of the 45th anniversary of Korea's liberation from the Japanese colonial rule.

The National Alliance of Student Representatives, a nationwide group of student activists, declared June 30 that it would take an active part in the rally because North Koreans supported it on a broad front. NAEWOE PRESS said the committee's statement called on Seoul to abolish the National Security Law and stop holding social and political events designed for slandering the North but did not explain what events it was referring to.

All political parties and social organizations should be given equal opportunities for contacts between South and North regardless of the ideas they cherish, the committee said, calling for exchanges of workers, farmers, youths, students and women. North Korea, which broke off all inter-Korean contacts in February, showed signs of strengthening its cold war posture after South Korean President No Tae-u met with Soviet leader Mikhail Gorbachev in San Francisco on June 4. In an unexpected turnabout on June 20, however, the communist regime offered to resume preliminary contacts for two important meetings—one between the prime ministers of the two sides and the other between their parliaments.

On Tuesday, at the seventh preliminary contact for high-level political and military talks, the two sides agreed that their prime ministers will meet in Seoul sometime in August. As for the parliamentary talks, the South proposed Thursday that the 11th preliminary contact be held at Panmunjom on July 19, instead of the North-offered July 12. North Korea has yet to reply to the South's counterproposal.

DPRK Talks, Plans for Future Meetings Continue

Draft Accord on Premiers' Talks

SK0607085790 Seoul YONHAP in English 0845 GMT 6 Jul 90

[Text] Seoul, July 6 (YONHAP)—South and North Korean officials completed a draft agreement on holding talks between their prime ministers Friday, setting the stage for the long hoped for meeting to take place by early September. Working-level negotiators agreed in principle on the wording of the preamble and 19 provisions of the draft agreement and will meet again Thursday to finalize it. The closed-door meeting at the truce village of Panmunjom lasted three and a half hours.

A South Korean Government spokesman said delegates from both sides had few differences when drafting the agreement on the basis of the versions that they produced at a meeting on Tuesday. The working-level delegates also agreed that the contents of the final agreement would be made public after being concluded officially at the eighth preliminary meeting, scheduled for July 26.

"It seems no doubt that the historic South-North prime ministers talks will take place," the spokesman said.

Air Route Planning Begins

SK0607094190 Seoul YONHAP in English 0923 GMT 6 Jul 90

[Text] Seoul, July 6 (OANA-YONHAP)—Planning has begun for a Seoul-Pyongyang air route in preparation for the case planes are chosen as the means of transportation for the unprecedented talks between the South and North Korean prime ministers in Seoul in August, an official at the South Korean Transportation Ministry said Friday.

International air routes using both South and North Korean air space will be developed in cooperation with the International Civil Aviation Organization (ICAO), the official said.

He said the ministry has begun a study on technical problems that may arise from opening air routes between Seoul, Pusan and Cheju in the South and Pyongyang, Sinuiju and Wonsan in the North, and will consult the Defense Ministry on matters concerned with security and the flight information region (fir) control.

Flight services are likely to be limited to delegations participating in the inter-Korean talks for the time being, he said.

A government task force comprising officials and technicians in such fields as flight, air traffic control and communications will be formed to study technical problems, and expansion of airport facilities will be considered.

The ministry will agree in principle with the ICAO proposal made to both Koreas in 1984 that international air routes be opened through their air space and it will officially inform Assad Kotaite, president of the ICAO council, of the decision when he visits Seoul in late July.

Before coming to Seoul, Kotaite will travel to Pyongyang, Tokyo and Beijing to propel ICAO plans to open air routes linking the four nations.

ICAO has been tapping the possibility of flights originating in Tokyo and going to Pyongyang via Seoul, followed by an air route covering all four nations, according to the ministry official.

At present, flights between Japan and China must detour around Cheju Island off the southern tip of the Korean peninsula.

Even if the ministry agrees to allow a Japan-China route over South Korea, because of inter-Korean relations it will urge ICAO to adopt two routes: one over the South and another over the North.

Premiers' Talks Promote Summit

SK0607014490 Seoul THE KOREA HERALD in English 6 Jul 90 pp 2, 7

["News analysis" by staff reporter Kang Song-chol]

[Text] Government officials hope that the inter-Korea prime ministers' meeting expected to be held in Seoul next month will pave the way for a summit between the two sides.

President No Tae-u has already offered to meet with north Korean leader Kim Il-song without any conditions and in any place, asserting that such talks would be the most effective means of discussing ways to reduce tension on the Korean Peninsula.

Pyongyang has yet to make any clear-cut answers to the proposal, though it has hinted it does not basically oppose the idea of arranging talks between the two leaders.

Expecting that north Korean Premier Yon Hyong-muk may have a chance to meet President No during his stay in Seoul next month, officials said the meeting may serve as an occasion to discuss the summit issue.

The issue may also be raised again when Prime Minister Kang Yong-hun visits Pyongyang for the second main session of the prime ministers' talks, they said.

No conveyed to Soviet leader Mikhail Gorbachev his desire to meet with Kim when he met Gorbachev in San Francisco June 4.

After the summit with Gorbachev, No said, "There is no direct way open for me to go to Pyongyang." Therefore, he said, he cannot but seek ways to go to Pyongyang by way of Moscow, Beijing and other places.

Seoul has been successful in its "northern policy" pushed actively since 1988, particularly following the Seoul Olympics. It has so far opened full diplomatic ties with seven socialist or former socialist countries, including six East European nations.

Prospects seem bright for the normalization of relations between Seoul and Moscow. The Beijing Asian Games this fall are expected to provide an opportunity for improved ties with China.

Officials think that Seoul's improved relations with Communist or ex-Communist countries will favorably affect developments on the Korean Peninsula, though Pyongyang may feel further isolated in the short run.

They hope that the Soviet Union will effectively put pressure on north Korea to adapt to changing conditions around the world and to try actively to seek improved relations with the south.

The officials seem to believe that Moscow's pressure on Pyongyang may be one of the factors behind the agreement reached between Seoul and Pyongyang this week to start the prime ministers' talks.

This year, No has met Gorbachev, President George Bush of the United States and Prime Minister Toshiki Kaifu of Japan. Through talks with leaders of the three countries, whose roles are believed important in resolving the Korean question, No has made considerable progress in securing a favorable international milieu to push his policies for unification.

No has stressed on many occasions that he is determined to prepare for an epochal turning point in relations with north Korea, which he said should lead to unification before the turn of the century.

He appears to believe that holding summit talks with north Korean leader Kim would be conducive to laying the groundwork for the epochal turning point.

No has hinted that he is now working on a number of measures designed to induce the opening of north Korea and advance inter-Korea dialogue.

Some of the measures may be announced Aug. 15, the 45th anniversary of the nation's liberation from the 35-year Japanese colonial rule. Along with the measures, No may repeat his proposal for an inter-Korea summit.

The measures would reflect Seoul's new-found confidence and its increasingly flexible attitude toward the north, officials say.

No recently said the government is ready to accommodate north Korean proposals, even if they are primarily designed for propaganda effect.

He also said the government would unrestrictedly allow the inflow via north Korea of aircraft, ships and other means of transport as well as goods.

'Unusually Warm' Spirit Noted

SK0407014690 Seoul THE KOREA HERALD in English 4 Jul 90 p 2

[Text] Panmunjom—The atmosphere of the seventh preliminary contracts for the inter-Korea high-level officials' meeting the first south-north encounter since late January this year, was unusually warm.

Delegates from the south and north shook hands and exchanged greetings for about ten minutes before going into business talks.

Unification process in East West Germany and the July 4 south-north declaration in the early 1970s were among the casual topics brought forth before they went into serious discussion on the agenda of the inter-Korea high-level officials' meeting.

No Urges Preparations for Peaceful Reunification

SK0607095890 Seoul YONHAP in English 0942 GMT 6 Jul 90

[Text] Seoul, July 6 (OANA-YONHAP)—South Korean President No Tae-u, predicting an "epochal change" in South-North Korean relations within five years, said Friday [6 Jul] that "We should concentrate the national strength to set about preparations for the national reunification." No made the remarks during a dinner for new members of the ruling party's party affairs committee and policy assessment committee.

He said the merger of three parties into the Democratic Liberal Party (DLP) earlier this year was designed to comply with the demands of the times and asked the new appointees to take a leading role in bringing democracy, prosperity and unification to Korea. Dinner guests were party affairs committee members Sin Sang-u, Pak Yong-man, Yu Han-yul and Pak Chae-hong, and 200 policy assessment committee members, including Kim Chin-chae, senior secretary to the party president, who is No.

Meanwhile, Prime Minister Kang Yong-hun said in Cheju the government would make efforts to realize peaceful reunification by linking recent diplomatic successes, including summit meetings with the United States, Japan and the Soviet Union, to confidence-building steps between the two Koreas and expansion of exchanges. While delivering a speech at a "meet-the-people" session organized by the provincial government in Cheju Island, Kang observed North Korea would not be able to ignore calls for openness and democratization in the long run although it maintains a policy of communizing the South. He, however, added that he would not rule out a possibility that North Korea may be so much depressed by outside pressure as to cause uneasiness on the peninsula.

"All people should make efforts for the construction of peaceful South-North relations while keeping a firm security posture," he said.

Arms Control Panel Sought for Disarmament Talks

SK0607055290 Seoul YONHAP in English 0522 GMT 6 Jul 90

[Text] Seoul, July 6 (OANA-YONHAP)—An arms control coordinating committee under the direct control of President No Tae-u will be set up in preparation for disarmament negotiations with North Korea, a government source said Friday.

The government is drafting a proposal on arms control while reviewing, on a forward-looking basis, Pyongyang's recent proposal for four-stage disarmament on the Korean peninsula, the source said. The arms committee will handle arms control and unification issues as well as the matter of U.S. forces in Korea. It will be manned by high-ranking officials from the Defense and Foreign Ministries, the National Unification Board and other government agencies and will likely be headed by Yim Tong-won, director of the Foreign Ministry's Institute of Foreign Affairs and National Security. Yim currently heads a working-level task force on national security policy under the Prime Minister's Office.

The committee is required because arms control will surface as a major topic in talks between the prime ministers of the two Koreas (the first meeting is expected in August or September in Seoul and the second round in October in Pyongyang) and in a joint military committee that will probably be established as an affiliated working-level body to the talks, the source said. The government sees the high-level encounters as a decisive turning point for lowering tension on the Korean peninsula and improving inter-Korean relations, said the source, who declined to be identified. The government, considering that arms control will be sought in linkage with restructuring the U.S. troop presence in Korea, will closely consult Washington on a gradual reduction of U.S. troops, according to the source. Comparing the North and South Korean proposals on arms control, the source cautiously assessed the positions taken by the two Koreas as having similarities.

"Our basic position is that we would positively review any North Korean disarmament proposal, whatever it may be, from the viewpoint of easing tension on the Korean peninsula," he said. The South's draft proposal calls for three-stage disarmament—building military confidence between the two Koreas, followed by arms control and reduction of forces. Suggested measures to build military confidence are the exchange of military intelligence and maintaining military communications, allowing access to major military activities, taking steps to prevent a surprise strike or armed conflict, signing a declaration of non-use of military might and non-aggression, stepping up surveillance and verification activities and forming an international watchdog body.

The South would also consider a substantial reduction of U.S. troops, scaling down the "Team Spirit" Korea-U.S. joint military exercise and making the Korean peninsula a nuclear-free zone if the North deployed rearward the

90 brigades it has posted near the military demarcation line dividing the peninsula, and if it signed the nuclear safeguard accord of the International Atomic Energy Agency, the source said. The government, setting aside its principle that confidence building must precede troop reduction, is willing to positively consider any proposal for a troop reduction to come first.

Seoul will also propose each side maintain a standing army equivalent to 1 percent of its population in preparation for reunification, the source said. The North made a four-point disarmament proposal May 31 that featured building confidence, arms reduction, withdrawal of foreign troops and disarmament and a guarantee of peace.

"It is unclear if the North's proposal means four-stage disarmament in the sequence listed, but we see it as similar to our three-stage disarmament proposal—confidence building, arms control and troop reductions," the source said.

Students Attempt To Enter U.S. Embassy 4 Jul

SK0607000590 Seoul TONG-A ILBO in Korean 5 Jul 90 p 14

[Text] At around 1430 [0530 GMT] on 4 July, 19 university students including Seoul National University student Mr. Chon Hyong-u (20, sophomore, department of veterinary science), affiliated to the Council of Suwon District University Student Representatives, attempted to enter the U.S. Embassy located at Sejong-ro, Chongno-ku, to protest U.S. pressure to open up Korea's market for imports of U.S. agricultural products. However, they were taken to the police station.

They gathered at a bus stop near the U.S. Embassy and shouted slogans such as, "We absolutely oppose the opening of markets for import products," scattered about 100 leaflets, and headed toward the U.S. Embassy. All were taken to the police station by the policemen on duty.

Article Analyzes Impact of U.S. Force Reductions

SK0407170190 Seoul SINDONG-A in Korean Jun 90 pp 468-479

[Article by Nam Chu-hong, professor of international politics at the National Defense College: "USFK Withdrawal and North-South Arms Reduction, Tasks and Issues"]

[Text] The Republic of Korea and the United States of America have maintained a stable security relationship for the past 40 years. This relationship faces a major turning point as it heads for the 1990's. The inevitable changes do not result from a deterioration in the close alliance between the ROK and U.S. Indeed, basic binational security cooperation must remain intact. However, a period of remarkable change is upon us. We must find concrete new directions and methods for security cooperation.

The three-phased U.S. Forces Korea (USFK) reduction plan announced by the U.S. Administration on 4 April 1990 is fraught with this new meaning. Standard strategic thinking linked the ROK-U.S. security relationship entirely to the future of USFK, but a new partnership is now being established which distinguishes security cooperation from military cooperation. This partnership is based on an agreement by both the ROK and the United States for a phased USFK withdrawal.

The U.S. Administration's plan for reducing USFK begins with a draw-down of 7000 troops between 1990 and 1992. Of these, 2000 will be Air Force personnel and 5000 will be non-combatant ground forces. Phase two will include a substantial reduction in the strength of the U.S. 2nd Infantry Division between 1993 and 1995. Final phase two execution will be depend on the stability of North-South relations and on improvements in our self-defense capability. During phase three from 1995 to 2000, virtually all USFK troops will withdraw from Korea, leaving only a small number of troops to act as a symbolic deterrent.

The plan's ultimate objective is complete withdrawal of the USFK from Korea. Even so, two basic preconditions are involved. First, withdrawal must be pursued while assessing the threat from North Korea. Secondly, a basic level of deterrence towards the North will be maintained during the withdrawal process. Thus, withdrawal is conditional, and this has significant implications. Even more important strategically are the implications of the formal memorandum of understanding now being negotiated between the ROK and the United States. American policy intentions can be seen in the fact that Washington is emphasizing to Seoul that USFK withdrawal is an established fact. For us, then, it is important first to assess correctly the background of this policy before analyzing the direction of our future responses.

The U.S. Administration did not adopt the phased reduction policy on its own. Instead, the policy resulted from demands by the Congress. The motivation for the policy from the very beginning was political. In July 1989, Senators Sam Nunn and John Walker of the Senate Armed Services Committee jointly proposed an "Amendment to the Defense Budget Authorization Act." This bill demanded that the administration propose a concrete plan for the gradual withdrawal of USFK. The administration responded with the USFK reduction plan. One must understand that in reality, this plan represents the convergence of a broad spectrum of government and public opinion. In other words, the congressional demand was a political necessity to respond to changing international trends, the domestic political climate, and the public's reaction to that change. The administration offered a strategic methodology for force reduction, to which the South Korea Government consented and agreed.

The issues can be condensed into three points based on an analysis of the "Nunn-Warner Amendment." First, the requirement for USFK's continued presence for

ROK security is linked to the overall situation in Northeast Asia, which is currently being reassessed. Second, by adjusting the orientation of USFK from a lead role to a support role, force levels can gradually be reduced over the next five years. Finally, USFK force reduction requires an agreement between Korea and the United States requiring that Korea assume a larger burden of our defense costs, including the cost of stationing American troops here. Regardless of the form, then, these points suggest the inevitability of change in American security policy towards Korea.

Regulating the Reduction of the USFK's Role

An assessment of the North Korean threat lies at the heart of this issue. The question of USFK's continued necessity is twofold. One side of the issue is the question of time—Is USFK "still" necessary. The other side involves the question of space—Is USFK "necessary" at all? Tension is draining quickly from the world scene, and the remarkable reforms in the communist bloc are resulting in swift troop reductions elsewhere. U.S. military officials must, then, reevaluate the North Korean threat, and the role of our own forces must be reconsidered in light of our growing national strength and increased self-defense capability. The serious American budget and trade deficits press for massive reductions in the U.S. defense budget. These factors working together inevitably will reduce the present American element in our current mode of military cooperation.

The U.S. Administration responded affirmatively to calls from the Congress and the American public by examining a phased reduction in both the size and the role of U.S. forces here. The United States believes that continued deterrence of North Korean aggression can be achieved by avoiding a general withdrawal, while implementing a conditional draw-down within the existing mutual defense system. This approach would allow Washington to fulfill the commitment to us under the armistice structure, while at the same time letting Washington reap the benefit of a reduced military burden as their forward-deployed troop strength drops.

The United States has said that it intends to adjust the role of USFK in South Korea's defense from a lead position to a supporting role. This statement at this point suggests increased American demands for us to increase our defense budget. It also hints at a future structural adjustment of the binational mutual defense system. To understand the difference between a leading position and a support role, one must first clearly look at USFK's present role and missions.

The American intervention in the Korean war left U.S. forces here with three missions. First, American forces serve to balance geopolitical power. South Korea is geopolitically isolated at the southern tip of a peninsula. Thus, USFK symbolizes the American role as a stabilizing power, blocking the southern advance of the three northern powers, North Korea, China, and the Soviet Union.

Second, USFK provides strategic, on-the-spot deterrence. As a signatory nation to the armistice, the United States bears a legal responsibility to maintain the ceasefire in Korea. Thus, Washington stations troops in Korea as a deterrent to renewed fighting.

Finally, the American military presence is designed to provide sufficient military strength to enable Korea to maintain military force levels sufficient for wartime defense. South Korea remains relatively weak militarily compared to North Korea. The United States provides South Korea with the necessary military forces and strategy we currently lack to adequately pursue our own defense in case of renewed hostilities. The forward, peacetime deployment of USFK automatically assures American intervention in case of a future war in Korea. Automatic intervention, in turn, would result in the deployment of additional military forces from the United States. USFK is designed to perform this mission, which is central to the defense of Korea.

U.S. forces in Korea, then, have charge of all those political and military functions which preserve and supervise the military and geostrategic status quo on the Korean peninsula. It is evident that USFK acts as a strategic power mediator, one which cannot easily be replaced by anything as simple as an increase in our own self- defense capabilities. The unique characteristics of the ROK-U.S. combined defense structure increases binational security, then, primarily for the sake of regional stability. Regional stability transcends the commitments of the two allies under our Mutual Defense Treaty. In other words, U.S. Forces Korea are tasked not only with the security of Korea, but with the second mission of protecting the vital strategic interests of the U.S. in the region.

First, Transfer of Peacetime Operational Control

How will Washington's three-phased reduction proposal affect USFK's missions and role as described above? First, one can assume that USFK will move from a lead role to a support role in the defense of Korea. This reduced role would be the natural result of a reduction in the scale of troops stationed in Korea. It is important to note that the character of the role itself will not change. In other words, the three basic missions outlined above will remain the same. As the number of forward-deployed U.S. troops decreases, the missions of deterrence and defense will separate. Conceptually, USFK will concentrate on providing deterrence, while ROK forces will assume as much responsibility for the defense role as possible. This strategy will result in the "Koreanization" of the defense of South Korea. USFK will primarily be responsible for early warning systems, patrol of the demarcation line, rear area fire power, and mobility and logistics support.

This change will require an accompanying adjustment in the ROK-U.S. Combined Forces Command [CFC], including transfer of control (OPCON), dismantling the ROK-U.S. Combined Field Army, conversion of the senior member to the Military Armistice Commission, and the future of the United Nations Command. The relocation of the Yongsan post, the redeployment of U.S. troops to rear areas, and defense cost sharing are also linked to this adjustment and must be considered simultaneously.

The transfer of OPCON and the restructuring of CFC are two items which can be addressed immediately. The transfer of OPCON is a particularly sensitive issue politically, and militarily it is one which must be dealt with prudently. The concept of OPCON and its purpose must be analyzed to understand this.

The historical background of USFK's execution of OPCON over Korean troops is already widely known, so there is no need to reexamine it. What is important here is how a USFK reduction will affect the concept and objectives of OPCON.

Conceptually, operational control is unlike the operational command which the ROK president exercises as part of his supreme military command prerogative. Strictly speaking, OPCON is a legal restraint we impose on our authority which allows U.S. forces to control and lead combined operations in wartime or in emergency conditions similar to war. The United States has played the leading role until now both in deterrence and in the defense of Korea. OPCON allows the USFK to exercise wartime leadership during a peacetime cri[illegible]r during wartime combat situations to effectively carry out combined operations. Nevertheless, OPCON is designed to be jointly executed by the ROK and the United States since it takes the form of a Combined Forces Command.

The same is true in the case of NATO. Accordingly, if American troop levels are reduced and the USFK role changes from a leading to support role, logically and naturally OPCON should be transferred to ROK forces. Moreover, the call for the return of OPCON has been linked politically to the issue of national pride. These elements suggest, then, that the present is an opportune time to consider the issue actively. The OPCON issue is known to be one of the major agenda items for this year's ROK-U.S. Security Consultative Meeting (SCM) and the ROK-U.S. Military Consultative Meeting (MCM).

The ROK Government is attempting to separate OPCON into wartime and peacetime OPCON, after which they hope to assume peacetime OPCON. The issue of OPCON involves high-level, strategic military considerations closely linked to the restructuring of CFC. It is therefore important to deal with the question of OPCON using extreme caution. Politically, a return of ROK OPCON would certainly restore national pride and strengthen South Korea's position vis-a-vis North Korea. Militarily, however, the issues of improving military doctrine on our own, the short-term enhancement of wartime plans, and the leadership skills requisite to effective OPCON are a different matter. Independent military doctrine can be developed only through constant realistic training as well as reorganization of the military structure and weapons systems. A thorough understanding of war plans and the development of leadership skills are developed through the cultivation of the capability to conduct systematic combined and joint operations. This requires long term plans and preparations. In other words, the reversion of OPCON directly involves an assurance that ROK forces are capable of conducting warfare on their own. This requires, then, that the method and process of returning OPCON to ROK forces be understood to be equally important as the ultimate objective of reversion itself. Both Seoul and Washington agree that OPCON should revert completely to the ROK in the future. At this time, however, the two sides are considering a reversion process that will allow for an improvement in ROK force strength and strategy, while transferring ground forces OPCON as an initial step.

The Inevitability of Maintaining the Combined Defense Structure

During the first phase of the USFK force reduction, the commander of the Ground Component Command (GCC) may become a four-star ROK general while the commander of CFC will continue to be a U.S. four-star general. Should the CFA be disbanded, then the three-star American commander of that unit could possibly become the deputy commander of the GCC. Unlike the ROK forces, however, under a two-tiered command structure the CFC commander does not command both U.S. ground and air forces in Korea. Instead, the U.S. Army and Air Force each have a separate commander. Therefore, even with a Korean general commanding the GCC within the CFC following the transfer of ground forces OPCON, the Korean officer would not control the USFK ground force component.

The United Nations Command is directly concerned with the armistice agreement. Since its main mission entails maintenance of the armistice structure, the UN Command is not related at all to the issues of OPCON reversion. Maintenance of the armistice system requires consideration of a wide range of relations with North Korea. The future of the UN Command, therefore must be handled as a distinct issue from the combined forces structure, which is an issue strictly between the United States and ourselves.

To start with the conclusion, the UN Command has the responsibility under international law to oversee the process of North-South military negotiations starting with the conclusion of a North-South non-aggression agreement and continuing until the existing armistice agreement is replaced by a peace treaty. North Korea asserts that the UN Command must be abolished as a precondition to negotiations that would result in concluding a non-aggression pact and a peace treaty. The North's position, however, ignores reality. The UN Command can be dismantled only when these two agreements have been concluded; dismantling of the UN

Command cannot be a precondition for the agreements. The North Korean demands up until now amount to a call for unconditional dismantling of the status quo with no simultaneous provision for administration of the armistice.

Thus the appointment of a ROK general officer to replace the U.S. Navy flag officer as the senior member of the Military Armistice Commission is a subject that can be considered so long as the continued existence of the UN Command itself is not an issue. The joint security area and security mission of UN Command forces naturally must continue. Placing a Korean officer in the position of senior member to the Military Armistice Commission would strengthen our position vis a vis North Korea and would also allow Seoul to assume the lead role in regard to North-South force negotiations. On the negative side of the ledger, there is some worry that appointing a ROK flag officer as the senior member could weaken both the legal responsibilities of the UN Command and the symbolic deterrent effect of U.S. forces as well. This issue must be approached with caution, balancing the positive and negative political and military aspects.

The redeployment of the U.S. 2d Infantry Division to the rear also requires prudent thought. Redeploying the division is quite a different matter from relocating the Yongsan post. Some worry that a deployment to the rear would weaken the 2d Division's automatic intervention posture in the event of hostilities. Thus, a clear agreement on forward defense strategy must be concluded with the United States before the 2d Division is relocated.

USFK force reduction will make a reorganization of the binational combined defense structure inevitable. The reorganization will give the lead role in the military relationship to ROK forces, and our share of defense costs must therefore increase. This increase comes in two forms, boosts of defense expenditures to develop an independent military capability and increases in our share of the burden of maintaining the binational combined defense system. To put it simply, the former will be necessary to ensure our independent wartime defense capability, while the latter is necessary to enhance combined deterrence in peacetime. The purpose of the former will be the "Koreanization" of our defense to achieve a "balance of power" with the North. The purpose of the latter will be improving our binational, combined forces capabilities to achieve a "balance of commitment" to maintain the armistice.

The ROK Government has decided to increase its share of the 1992 Combined Defense Improvement Program (CDIP) funding to the $90 million-level proposed by the Americans. This decision was driven by the instability of the North-South military relationship, which requires that a balance of power and commitment be maintained at all times. One does not need to go into detail regarding the superior military threat from the North. Even so, there is a severe limitation to the ROK's ability to guarantee a solid peacetime deterrence based solely on the establishment of a force adequate for wartime defense. This is due to the ROK's geopolitical isolation. As a realistic matter, the ROK-U.S. combined defense system must be maintained, therefore, as a symbolic deterrence even after future USFK force reductions.

Do USFK force reductions provide an opportunity at this stage for a breakthrough in North-South arms reductions negotiations which could lead to stability in the North-South military relationship? Is a European-style arms reduction proposal applicable, whereby we build North Korean confidence by using USFK force reduction as a negotiating card?

Is it Possible To Link USFK Reductions With North-South Arms Reduction Negotiations?

In a word, the future of USFK is inseparably linked to North Korea's unification policy and their overall policy toward South Korea. There is a clear causal relationship between what happens to USFK and North-South arms reduction talks, whether the relationship manifests itself as a precondition to such talks or results from such talks. As we all know, Pyongyang has called adamantly for the withdrawal of U.S. troops since the armistice brought an end to the Korean war in 1953. North Korea asserts that only an "expulsion of foreign influence" can bring about a smooth liberation of the Korean people and an independent reunification. North Korea regards withdrawal of U.S. forces from our country as a precondition for all political and military issues between the North and South. Without in any way prejudicing this precondition, the North has raised the issues of arms reduction and the conclusion of a non-aggression pact with us while proposing a peace agreement with the U.S. side.

According to their own logic, then, we can reasonably expect that the three-phase USFK troop reduction will cause a change in Pyongyang's attitude on a non-aggression pact and a possible peace treaty. There is no longer justification for North Korea to refuse dialogue.

North Korea began to show a more flexible attitude since July 1987, as though anticipating such changes beforehand. They abandoned their demand for a one-time withdrawal of U.S. forces, proposing instead a so-called three-phase withdrawal process. And they stated that North-South force reduction negotiations could occur before all U.S. forces had been withdrawn. Until then, Pyongyang had insisted that total withdrawal of USFK was a precondition for North-South force reduction negotiations. Their current proposal is that both North and South reduce their military forces to the 100,000-man level while U.S. forces withdraw in three separate phases before 1992 or 1993. North Korea has also proposed the replacement of the armistice agreement with a peace agreement.

The three phases proposed by North Korea begin with the relocation of USFK Headquarters and American ground forces south of the Han River. The second phase would entail withdrawal from Korea of the headquarters and ground forces. In phase three, the United States would remove naval and air forces and nuclear weapons. Pyongyang has yet to reconcile clearly the beginning or end of USFK's withdrawal with the timing for North-South arms reduction negotiations. North Korea's change in attitude, however, shows a recognition of reality, having abandoned their basic principle of "Withdraw first; political and military negotiations later." Of course, this could easily be interpreted as a false peace offensive by the North. It may also be seen as a strategy to disarm ROK forces during arms reduction talks that take place during the process of a USFK withdrawal. The issue of force reduction, however, is not that simple. Moreover, the basic spirit motivating U.S. three-phased reduction plan and North Korea's intentions behind their three-phased withdrawal plan are quite different, as a look at the recent American plan clearly shows. Thus, North Korea's moves were designed merely to make them appear to be flexible. In fact, Pyongyang strategists had not thought through any of these issues as early as 1987.

What, then, are North Korea's real intentions? Do they really believe it is possible to carry out North-South force reductions and USFK troop withdrawal simultaneously? The success of force reductions for relieving tensions between North and South depends totally on whether Pyongyang changes its attitude. Therefore, it is incumbent on us at this point to analyze North Korean intentions carefully.

North Korea's Calculations on Force Reduction

North Korea's position on North-South arms negotiations and USFK withdrawal can be summarized in the following three points. First, Pyongyang perceives that the ROK-U.S. security relationship will change qualitatively from what it has been in the past. The North may believe that they can expedite this change naturally by adopting a more flexible stance on USFK troop withdrawal. This is precisely what Kim Il-song emphasized in his 1989 New Year's address. South Korea, Kim stated, is undergoing "significant change in anti-Americanism and anti-establishmentarianism." The North believes that so long as this revolutionary situation continues, time is on their side.

It would not be to Pyongyang's advantage to undertake any provocative actions or to assume an aloof attitude towards the United States which might reverse this trend. North Korea hopes that they can alter Washington's staunch current policy to their advantage by displaying more flexibility on the USFK withdrawal issue and by pursuing conciliatory contacts with the U.S.

Such expectations may not be entirely unreasonable. As a point of fact, a major topic at the May 1990 U.S.-Soviet summit talks was the issue of the Korean peninsula. The Americans have also met with officials of North Korea at the counselor level in Beijing on six occasions. The U.S. has already revealed that it intends to have USFK force reduction pave the way for a European-style force reduction between North and South Korea.

Revolutionary reform measures in the Soviet Union and Eastern bloc countries have resulted in an alteration in the so-called "world-wide correlation of forces." North Korea perceives the correlation of forces to be increasingly disadvantageous to them as time passes. A trend is underway to find a breakthrough on the Korean peninsula as well. One may venture that North Korea is offering to begin unconditional force reduction talks from an obsession to deal in some active way this trend.

Cuts in the U.S. defense budget and the growth of Korea's national power have made reductions in USFK inevitable. Seoul's own northern diplomacy, as well as the opening and reforms in the Soviet Union and elsewhere in the Eastern bloc have altered greatly both American and South Korean perceptions of the threat. Against this backdrop, North Korea can afford to adopt a more flexible position. At the same time, then, nothing prevents Pyongyang from adopting a more forcefully positive position on North-South arms reduction. In other words, North Korea is being merely strategically realistic by taking the lead in North-South political and military issues at this juncture. North Korea hopes its initiatives will be sufficient to hold at bay the international political trends which are not to its advantage.

Finally, North Korea's own political, social, and economic difficulties may have made it impossible for Pyongyang not to pursue arms reduction with the South. This factor, indeed, may be more important than any other. USFK force reductions may allow North Korea to improve her relations with both the United States and Japan, something she needs for her own survival if for nothing else. North Korea can open up as much as necessary to reap the economic benefits of improved relations with Washington and Tokyo. Pyongyang may also attempt to reduce excessive defense expenditures by pursuing arms reduction with Seoul. These steps would help them break out of the severe economic crisis gripping their country even as they spend a full 25 percent of their GNP on current defense expenditures. North Korea is experiencing serious problems in energy, transportation, and food. Their national plant utilization ratio falls below a scandalous 40 percent, and their electric generation capacity reaches only one-quarter of that in the South.

Our GNP is seven times higher than that of Pyongyang. As a result, their potential war capacity falls far short of our own. North Korea, therefore, has concentrated on maintaining combat capabilities superior to our own via the simple expedient of spending twice as much on the military as do we. At some point Pyongyang may conclude that continuing such prodigal defense spending will provide no further substantial help to maintaining their political system or the existing regime. Kim Il-song simply may have no other choice, faced as he is with the enormous political burden of having to transfer power to Kim Chong-il.

The issue of linking North-South arms reduction with the USFK withdrawal depends on how realistic and concrete is the position Pyongyang adopts to build Seoul's confidence during the political- military negotiations with us. The ROK Government and the majority of Korea's citizens are already boldly dealing with the issue of USFK force reduction. No one is questioning the need for force reductions to reduce tensions on the peninsula. At the same time, many are suspicious about Pyongyang's true intentions regarding methods for arms reductions. Before immediate, unconditional military force reductions and the mutual destruction of weapons can occur here, the barrier of mistrust between the two Koreas must come down. Yet that barrier is very high. How can we begin to solve the problem in view of these thorny problems?

A Proper Sequence for Force Reduction

The basic character of North-South relations must be understood thoroughly to discuss arms reduction fully. The armistice, administered under international law, is the foremost reality in North-South relations. Any discussions of arms reduction, therefore, must start from a recognition of the unequivocal fact that military relations lie at the heart of North-South relations. Although arms reduction can be approached politically to a certain point, the intent of any political initiatives in this area must be aimed at stabilizing North-South military relations.

Stable military relations are clearly requisite to maintaining the peace under the armistice structure. Any force reductions must insure politically and militarily that neither side maintains either the intention or the capability to undertake hostilities. This can be achieved through so-called confidence-building measures. Confidence-building measures are a precondition to arms reduction negotiations and at the same time an outcome of those negotiations.

To state the conclusion first, Seoul bears responsibility to be the first to display confidence building measures as a precondition to arms reduction negotiations. The ROK Government must take the lead in building confidence both during the negotiation process and as a result of the negotiations. If we do this, an era of arms reduction can come to the Korean peninsula.

Just what does this mean? As the aggressor in the Korean war, North Korea bears a historic and moral responsibility to take the initiative in throwing aside the legacies of the war and creating an atmosphere of trust. Specifically, the North must formally and informally apologize for the invasion of the South on 25 June 1950. Pyongyang must also abandon terrorism and provocative acts against us and surrender their policy line of unification of the peninsula under communism, a line that is spelled out in both the North Korean Constitution and the Constitution of the North Korea Worker's Party. All these actions are necessary for North Korea to show good intentions.

Moves such as these would insure that North Korea has no intentions to launch a war. Politically, arms negotiations strive to insure that neither side intends to launch hostilities. Militarily, negotiations aim at restricting war-making capabilities. Restrictions on capability that are not accompanied by limits on intentions result only in controlling the means to conduct war, while the threat continues unabated.

North Korea, then, must abandon its policy of communizing the South by force of arms. If Pyongyang does so, a non-aggression pact between North and South Korea can be concluded. Political confidence building could be institutionalized through international methods to guarantee the non-aggression pact such as cross-recognition of the two Koreas by the major powers and a resolution by the Security Council. Simultaneously, military confidence- building measures could be attempted to pave the road for arms reduction. This is the correct sequence for arms reduction.

Although I have repeatedly emphasized it, all of this depends entirely on a change in North Korea's attitude. Not only was Pyongyang the aggressor in the Korean war and the mastermind of dangerous provocations since then, the North Koreans are the superior military power on the peninsula at this time. The ROK Government has already expressed her intent to participate actively in North-South political-military negotiations so that North-South arms reductions can be linked with reductions in U.S. forces in the South. This policy is designed to lead North Korea to change its attitude.

A change in Pyongyang's attitude is clearly a political precondition for productive North-South arms negotiations. Should this precondition be satisfied, the Seoul government can take the lead role during the negotiations by applying a European-style arms reduction model as a political confidence- building measure. One important characteristic of the European-style arms reduction model is that before reaching the stage of actual armament reductions, military trust is built up by the exchange and public announcement of intelligence related to the other's military capabilities, strategy, tactics, and the like. Thus, the following three steps must be followed to apply this model to the situation on the Korean peninsula.

The Key Lies in Pyongyang's Opening

European-style arms reduction must begin with self-imposed restraints on offensive military training. This entails providing prior notice to the other side of all major training exercises. Together with mutual observation and exchanges during major exercises, strategic intelligence information can be made public within the limits of existing military policy with no grievous burden to either side. The objective during this first stage, then, is to demonstrate good intentions. The ROK Government has already publicized details about the "Team Spirit" exercise and has announced that it is considering cutting back the scale of future exercises.

The second step involves amending policy to institutionalize the good intentions shown during the first phase. The best way to do this is to turn the DMZ into a peace zone. That is, Seoul and Pyongyang should agree to a proposal to establish a true buffer zone within boundaries drawn parallel to the DMZ. All gun emplacements within the DMZ would be dismantled, tunnels would be publicized, and a redeployment of all major North and South military units to rear areas would commence. North Korea now maintains its ground forces in a posture that allows for a rapid attack, with 65 percent of its total manpower deployed south of Sariwon. North Korea could prove that they are actively attempting to abridge their own rapid strike capability by redeploying these assets north of Sariwon.

In view of Seoul's proximity to the DMZ and its resulting geostrategic vulnerability, South Korea would be justified in demanding the conclusion of a mutual capital security agreement in addition to the creation of the buffer zone. The existing Neutral Nations Supervisory Committee could be expanded and reorganized into a UN peacekeeping force to observe and guarantee this series of measures. A UN peacekeeping force could promote military confidence building between North and South even more if it included Chinese and Soviet soldiers stationed in the DMZ.

The third and final stage would involve full-scale troop reduction and destruction of weapons. Further agreements, or amending of agreements made during the first stages, would provide the legal means to reduce force structure and destroy weapons systems. This makes the third stage the most complex and time consuming of the three. Rates of reduction for offensive weapons systems and force structure must be clearly defined and agreed upon. Even specific strategies and tactics must be balanced. Because of these intricacies, the third stage is only possible if confidence-building measures emerge and phased rapprochement occurs.

Given the complexity of the process, is it possible for force reduction procedures and methods to be agreed upon by North and South Korea? Just how realistically possible is arms reduction on the Korean peninsula? In principle, arms reduction is nothing more than a series of security policies that aim to maintain the lowest force and weapons levels needed to guarantee security. Arms reduction is a concept which cannot become its own objective.

Thus, at some point each side must recognize that a reasonably sufficient level of force and balance of power has been achieved if arms reduction is to succeed. The experience of U.S.-Soviet arms negotiations has shown us that. Both sides must agree on the force level which makes defense possible but offensive impossible. At the very least, both sides must realize the necessity for such a balance before the issue of arms reduction can be seriously broached. This is exactly where the key to arms reduction on the Korean peninsula lies.

Arms reduction will be possible only when both North and South Korea know each other's intentions and capabilities. Each must throw off the superiority complex engendered by ignorance of the capabilities of the other. In other words, arms reduction can only be realized once North Korea opens up, and North-South negotiations result in the an exchange of information in which Pyongyang publicizes basic strategic intelligence to at least the same degree that Seoul does.

As we can see, the anticipated USFK force reduction plan poses both a challenge and an opportunity for arms reduction on the Korean peninsula. The challenge lies in readjusting the ROK-U.S. military cooperative relationship at a time when ROK forces still do not have sufficient capabilities to either deter North Korea, or to defend the country during war. At the same time, USFK reductions provide an opportunity for arms negotiations aimed at solving the basic instability in the North-South military relationship. The success of the ROK Government's security policy for unification depends on how well Seoul can solve these dual dilemmas of the Korean security situation.

Exchange of Correspondents With USSR Denied

SK0607063290 Seoul YONHAP in English 0612 GMT 6 Jul 90

[Text] Seoul, July 6 (YONHAP)—The South Korean Government has denied that it plans to exchange correspondents with the Soviet Union before the establishment of diplomatic ties. Information Minister Choe Pyong-yol said Friday that exchanges of correspondents could take place on a reciprocal basis simultaneously with the normalization of diplomatic relations.

"There is no need to exchange correspondents at this stage since there is hardly any inconvenience in gathering news," Choe said. The HANGUK ILBO, a vernacular daily, reported in its Friday editions, quoting a government official, that the government would contact Soviet officials late this month to discuss the number of correspondents and a guarantee of their security.

Burma

NLD Official on Mandalay Arrests, Constitution

BK0507123490 Hong Kong AFP in English 1219 GMT 5 Jul 90

[By Michael Adler]

[Excerpts] Bangkok, July 5 (AFP)—The first arrests of political activists in Burma have occurred since the victory by the main pro-democracy party in general elections in May, diplomats and a party official said Thursday [5 July] from Rangoon.

Kyi Maung, spokesman for the victorious National League for Democracy (NLD) party, a pro-democracy group, said Thursday that "41 young people were arrested and later released" last week for attempting political activity in the northern city of Mandalay. Police had lectured them about engaging in politics, Mr. Kyi Maung said by telephone from Rangoon, but gave no more details. There was no official confirmation of the incident. [passage omitted]

Rangoon-based diplomats also reported arrests in Mandalay. Earlier this week, diplomats said police in the Mandalay incident had apparently blocked a meeting of the banned All Burma Federation of Student Unions (ABFSU), surrounding the monastery where it was to be held. [passage omitted]

The NLD has petitioned the State Law and Order Restoration Council (SLORC), or military junta, for talks on handing over power and called for the release of Mrs. Aung San Suu Kyi, who heads the NLD. Mr. Kyi Maung said "we haven't got any intimation" from the junta about talks on transferring power.

Observers said pressure was growing within the party, a coalition of former military officers, intellectuals, and students, for a more confrontational stance.

Mr. Kyi Maung, a former colonel who advocates working through the system, said the NLD was united, but restlessness leading to street protests, banned by the junta, were "a possibility we cannot dismiss." [passage omitted]

The NLD won a landslide parliamentary majority in the May 27 polls, raising hopes for a shift to civilian government. [passage omitted]

The junta has said the elected assembly cannot meet before September, as lingering electoral issues need to be resolved, and because the legislature's job will be to write a constitution for a new government, rather than form one. Junta officials have dismissed suggestions that the assembly could adopt a constitution quickly. SLORC leader General Saw Maung recently said a constitution should not be written solely for the purpose of coming to power. But Mr. Kyi Maung said the NLD has a draft constitution ready and will probably finish consultations on it with other parties this month. Once the assembly is seated, adoption "shouldn't take very long. Naturally we have done the groundwork," he said.

The NLD won 392 out of 485 seats in the assembly, with 59.87 percent of the vote, according to the official breakdown, rising to 397 seats counting NLD allies.

Commission Announces 'Split' in U Nu's Party

BK2606144190 Rangoon Domestic Service in Burmese 1330 GMT 26 Jun 90

[Text] The Commission for Multiparty Democratic General Elections of the Union of Myanmar [Burma] has issued Announcement No. 891, dated 26 June 1990—the fifth day of the waxing moon of Waso, 1352 Myanmar era. The announcement reads:

Subject: Announcement regarding the League for Democracy and Peace [party headed by detained former Prime Minister U Nu]

This commission has permitted the registration of the League for Democracy and Peace [LDP] as a political party on 21 November 1988 in accordance with the Political Parties Registration Law.

As of April 1990, the LDP has split into two factions with one faction dismissing and or replacing the executives belonging to the other faction. These dismissals and replacements have been reported to this commission.

After studying the submissions from the two factions, this commission informed both factions—one led by Thakin Thein Pe and the other led by U Tin Maung Aye—on 16 May 1990 that they were required to name a single Central Executive Committee. However, this commission finds that the two factions have not only submitted two different lists of Central Executive Committee members, but also that the two have different locations for their headquarters—the LDP faction led by Thakin Thein Pe is located at Compound No. 33, Kyaikwaing Pagoda Road, Mayangon Township, while the other LDP faction headed U Tin Maung Aye is situated at No. 52, Komin Kochin Road, Bahan Township. Since this commission has offered recognition to and permitted the registration of only one LDP, it will not have anything to do with the LDP factions until a single LDP is formed again.

By the authority vested in me
Signed: Aye Maung, secretary

Information Committee Holds 97th News Conference

BK3006102590 Rangoon Domestic Service in Burmese 1330 GMT 29 Jun 90

[Excerpts] The Information Committee of the State Law and Order Restoration Council [SLORC] held its 97th news conference with local and foreign journalists at 1300 today in the reception hall of the Ministry of Defense. [passage omitted]

At the news conference, the Information Committee explained the recent publication and distribution of illegal leaflets and documents in the country, reports by some foreign broadcasting stations, seizures of opium and heroin from insurgents, exposure and arrest of illegal loggers at Thai-Myanmar [Burma] border, and surrender of Sai Aung Win, member of the BCP [Burma Communist Party] Central Committee.

The Information Committee first noted that recently some organizations have been publishing and distributing illegal leaflets and documents to create misunderstanding among the public and that some foreign broadcasting stations are carrying pessimistic reports which the journalists had probably heard. [passage omitted]

Some foreign broadcasting stations, the VOA and the BBC especially, have recently carried reports saying the conditions have worsened at the Insein Jail since the elections were held and that political prisoners are being subjected to more torture. They are saying that certain people should be released. The committee said that, as the journalists know and as explained on previous occasions, there are no political prisoners in our country. Action was taken according to the laws against only those who had violated the laws. They are absolutely not political prisoners. By looking at this fact, the objective of the publication and distribution of illegal leaflets and documents and broadcast reports from abroad can be seen. We can only say that their objective is to confuse the people. We are having to explain these illegal leaflets and external broadcast reports not because we pay attention to them, but because the people who follow and act according to these unfounded reports could get into trouble. The laws and decrees issued by the SLORC are still in force, and they should take note of the fact that action could be taken against them if these laws and decrees are violated. [passage omitted]

Next, the Information Committee announced the seizures of opium and heroin. Acting on the information that an opium convoy of insurgents was coming from the Mong Pin-Keng Tung Road along the northern route and that it was heading toward Mong Ing after passing Shwenyaungbin, a unit from Tongza Camp of the 43d frontline Infantry Regiment and a militia unit pursued the convoy, arrived in Mong Hpi village at 1830 on 19 June 1990, and clashed with about 30 armed insurgents. At 1935 the enemy forces fled toward the east. Eight insurgents were killed during the battle, and two M-21 rifles and 26 packets of opium were seized. One soldier from our side was killed, and another was wounded. Another unit from the 43d Infantry Regiment went to the site of the battle, combed the area, and found 24 more packets of opium. A total of 50 packets of opium weighing 96 viss and 30 ticals [1 viss equals 1.6 kg] was confiscated during that battle.

In the evening of 26 June 1990, a unit from the No. 5 frontline Infantry Regiment and Namsri militia jointly patrolled (Hpa Gyan) junction in Namhkam Township. At 0215 on 27 June, they stopped six suspicious people for a search, but the six fled, leaving behind 19 packets of heroin carrying the double lion and globe brand which were confiscated by the Army. Earlier on 7 June security personnel at a checkpoint in Mansan village in Namtu Township confiscated 32.5 kg of heroin worth Kyat 4.5 million in local value. [passage omitted]

Next, the Information Committee stated that Sai Aung Win, member of the BCP Central Committee, surrendered without weapons at 0800 on 29 June 1990 to Brigadier General Maung Thint, commander of the Northeast Command, in Lashio. [passage omitted] The committee said that Sai Aung Win, who became a Central Committee member at the Third BCP Congress in 1985, resigned as a Central Committee member as well as a member of the BCP on 3 March 1990 after he had made a decision to surrender.

Next, the Information Committee answered questions from the journalists. U Hla Kyi of REUTER, asked for comments on the BBC report at 2015 GMT on 28 June on a statement by U Ohn Gyaw, Myanmar deputy foreign minister, that the People's Assembly may not be convened before September. He also asked about the latest election results and the issue of talks with political parties. The committee said it had no comments on the statement by U Ohn Gyaw of the Foreign Ministry and added that as it had already commented on the latest election situation and the issue of talks with the political parties at the previous news conference, it had no further comments. [passage omitted]

The news conference ended at 1345.

Brunei, Malaysia & Singapore

Malaysia

Official on Suspension of U.S.-PLO Dialogue

BK0307094990 Kuala Lumpur BERNAMA in English 0926 GMT 3 Jul 90

[Text] Kuala Lumpur, July 3 (OANA-BERNAMA)—Malaysia Tuesday [3 July] expressed regret over the decision of the United States to suspend its 18-month-old dialogue with the Palestine Liberation Organisation (PLO). "We view the suspension as a setback to the peace process in the Middle East," Malaysian Foreign Minister Abu Hassan Omar said. He said the PLO leadership had made its position clear when it declared that neither the PLO nor any of its organisations or forces was responsible for a sea raid against Israel on May 30.

President George Bush severed the dialogue with the PLO on June 22 over the organisation's refusal to condemn the raid that was foiled by Israeli forces.

Abu Hassan said Malaysia would like to urge the U.S. Government to resume the dialogue with the PLO as soon as possible. "Dialogue and direct communication between the U.S. and the PLO is an important ingredient for resolving the crisis in the Middle East. "In this respect, Malaysia would also like to call on all governments to use their influence to seek an immediate end to the Palestinian issue to ensure peace and stability in the region," he said.

Ghafar Baba, SRV's Vo Nguyen Giap on Refugees

BK0507131090 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 5 Jul 90

[Text] Malaysia has asked Vietnam to settle the refugee problem by itself. Malaysia has accepted illegal immigrants solely on a humanitarian basis.

[Begin Deputy Prime Minister Ghafar Baba recording] We do not allow people to enter our country illegally. They [the visiting Vietnamese delegation] will take up this issue with their government. [end recording]

Earlier, Deputy Prime Minister Mr. Ghafar Baba received his Vietnamese counterpart, Vo Nguyen Giap. The vice chairman of the Vietnamese Council of Ministers is in Kuala Lumpur at the invitation of Mr. Ghafar. Their talks focused on refugees and ways of overcoming the refugee problem.

Over the past 10 years, Malaysia has given asylum to over 250,000 refugees. Malaysia decided to regard refugees who arrived after 14 March 1989 as economic immigrants. They will be repatriated through a voluntary repatriation program. Those who arrived before 14 March 1989 are regarded as political refugees enjoying asylum while awaiting resettlement in third countries. The asylum given by Malaysia has proven that allegations by foreign organizations that Malaysia is forcibly turning away Vietnamese refugees at sea are untrue.

Earlier, the Vietnamese vice prime minister attended a briefing at the National Task Force Room of the Prime Minister's Department. The briefing was given by Dr. Abdul Aziz Mohamed, deputy director of the Coordination and Implementation Unit of the Prime Minister's Department.

Meanwhile, the National Paddy and Rice Authority [LPN] will buy 10,000 tonnes of grade 1A rice from Vietnam on a trial basis. The price is 594 ringgit per tonne, compared to 715 ringgit per tonne for Thai rice. LPN Chairman Datuk Haji Mohamed Noor Mohamed signed a contract on the purchase at the end of last month. If the contract signed on a trial basis is successful, Malaysia will save about 48.60 million ringgit a year. This is based on annual imports of 300,000 to 400,000 tonnes from Thailand. Malaysia's current rice imports from Thailand account for 30 percent of the country's rice demands.

Mahathir on Commonwealth Observers for Elections

BK2106134990 Kuala Lumpur BERNAMA in English 0917 GMT 21 Jun 90

[Text] Kuala Lumpur, June 21 (OANA/BERNAMA)—A group of observers from Commonwealth countries will be invited for Malaysia's next general election, Prime Minister Dr. Mahathir Mohamed said Thursday [21 June]. Mahathir told parliament that he had informed Commonwealth Secretary-General Sir Sridath Ramphal of the idea during his visit to London on May 12.

During the meeting, the government had called on the Commonwealth secretariat to arrange for the group. Malaysia will foot the expenses for bringing in the observers, he said.

He added: "The government's move does not mean we do not have confidence in the management of the election by the Election Commission which has handled previous elections independently, fairly and honestly. "We suspect certain groups are already plotting to smear the image of the country in the next election. Therefore, it is vital that we get outside people with no interest, to witness and observe our election," he said.

Cambodia

Hun Sen Chairs 5 Jul Cabinet Plenary Session

BK0607070790 Phnom Penh Domestic Service in Cambodian 0430 GMT 6 Jul 90

[Text] On the morning of 5 July, the State of Cambodia's Council of Ministers solemnly held a plenary session under the chairmanship of Comrade Hun Sen, member of the party Central Committee and chairman of the Council of Ministers.

The plenum listened to a report read by Comrade Bin Uy, deputy minister of the Council of Ministers Cabinet, on a number of important tasks implemented by the Council of Ministers during the second quarter of the year.

According to the planned agenda, the session will discuss two reports: A report on the implementation of the state planning tasks in the first quarter of 1990 and measures to be taken in the second quarter, read by Comrade Chea Chanto, alternate member of the party Central Committee and minister of planning; and a report on the situation of the financial task and state budget in the first quarter, objectives of the financial task and state budget in the second quarter, and the adjustment of the 1990 state budget, read by Comrade Chhay Than, member of the party Central Committee and minister of finance. Moreover, the meeting will adopt a number of draft decisions of the Council of Ministers.

Chan Phin Interviewed on Party Building Work

BK3006091590 Phnom Penh Domestic Service in Cambodian 1300 GMT 29 Jun 90

[Interview given to station correspondent by Chan Phin, member of the party Central Committee and secretary of the party Committee for Central Ministries and Offices; place and date not given—recorded]

[Text] [Correspondent] My respects to the comrade secretary of the Party Committee for Central Ministries and Offices. In the current situation when our party and government are seeking a political solution to the Cambodian problem, what measures have you taken to achieve the set targets, particularly in the political and ideological fields?

[Chan Phin] On the occasion of the 39th founding anniversary of the Kampuchean People's Revolutionary Party [KPRP], 28 June 1951-28 June 1990, we have set forth a number of targets regarding the political and ideological issues and the work to build and consolidate party organizations in various central ministries and offices. We regard the party Central Committee for Central Ministries and Offices as the staff officer of the party Central Committee. Its duty is to lead and give guidance on the political, ideological, mass persuasion, and party building work in the central institutions, ministries, and offices. The party Committee for Central Ministries and Offices has been effectively consolidating and expanding its work in an in-depth manner within the mass movements of various central institutions by carrying out its role and activities in line with the directive of the party Central Committee.

Based on the party building work set by the Fifth KPRP Congress and the resolutions of the Central Committee, the party committees attached to the central ministries and offices have unanimously agreed to coordinate their views and activities in order to enhance their strength for successfully achieving the targets of work to be carried out in each period according to the concrete conditions in [words indistinct]. This is to enable the party organizations, cadres, and party members in the central ministries and offices to grasp all the party's lines and policies and the political situation both inside and outside the country, and turn them into practical deeds in all sectors at all levels.

Concerning the political and ideological work within the party organizations in the central ministries and offices, many complications still exist. However, the work centrally embodies people of all strata and from all walks of life, particularly cadres, party members [words indistinct] the question of peace settlement in Cambodia as well as around the restructuring in East Europe.

Concerning the latest events, the enemies have stubbornly resorted to various forms of maneuvers to realize their strategic scheme to undermine and topple our State of Cambodia. However, despite their all-out efforts to sabotage us militarily and politically, we have adhered to our will to seek peace for our Cambodian motherland and people. Through the victories won by our Armed Forces on the battlefield and through various negotiations, particularly the recent talks in Tokyo, world public opinion has become even more aware of the enemies' evil and tricky nature and their attempt to prolong the war. We regard this as [words indistinct] of the genocidal clique.

In the face of this situation, the party Committee for Central Ministries and Offices has issued a guidance for all party organizations to publicize among cadres, party members, and the masses so that they clearly understand the party's views and ideals and the Central Committee's resolutions, that they are not disturbed by the changing situation on the battlefield and the internal political situation, and that they feel more confident in our revolution's position of strength. This is also to enable cadres, party members, and the masses to be aware of our tasks in this new stage and to see through the common difficulty of our nation in being responsible for all tasks.

In addition to issuing the guidance, our party Committee for Central Ministries and Offices organized two refresher courses for party secretaries and deputy secretaries, eight general refresher courses, and 11 training courses. Thanks to these courses, party organizations and party members have had resolute revolutionary views and stances and have dared to oppose all negative phenomena and all activities that run counter to the policies or resolutions of the party. That is, party members have clearly grasped the views of the working class and can clearly differentiate friends from foes of the revolution. All party organizations have modified their work procedures, strengthened party discipline, enhanced their sense of responsibility, and improved the essence of the party's lifestyle meetings so they have become a good school for educating party members. All this is to ensure the combative quality of party members and cadres so they can encourage the masses to have more confidence in our party by always linking close to the battlefield and sharing woes with the masses in line with the slogan: Everything for the battlefield; everything for enhancing the people's confidence.

[Correspondent] Please give us additional information on the expansion of the grass-roots party organizations in the past two years.

[Chan Phin] The past and present work to strengthen the party organizations has been carried out actively and correctly according to the targets and slogans set forth by the KPRP. We have paid attention to both the quantity and quality of the work. It has brought noteworthy changes to the grass-roots party organizations.

In the current situation, we have paid particular attention to the control of the ranks of party members as well as the enrollment of new party members. We have done this by examining documents from localities and conducting additional investigation and research in localities. Although there are still complex problems regarding the party expansion work within the regional ministries and offices, we have correctly carried out our work according to the procedures [words indistinct]. The work to expand the party in the past years achieved fruitful results. As a matter of fact, in the past two years, we enrolled 622 party members, including 87 female members. Among them are 42 workers, 34 peasants, 466 students and intellectuals, and 120 government officials. [all figures as heard] This result follows the effective democratic centralization within the party, that is all decisions on party work are based on the collective opinion.

As for the consolidation of the party organizations, we have paid attention to building, strengthening, and enhancing the quality to lead and give guidance. We have appropriately allocated duties to be carried out by each party member in assisting grass-roots party organizations. We have set up plans for these organizations to allocate duties for members of grass-roots party committees and chapters. We have also advised them on the work procedures to be carried out in line with their duties so as to successfully fulfill all tasks assigned by the party. We have advised them to hold the party chapters' lifestyle meeting under three themes—leadership, education, and combat [words indistinct]. In 1987, we established four grass-roots regional party committees among the 36 central ministries and offices. By basing on the party-state policies on vigorously stimulating the building of our revolutionary forces in localities, we have also paid attention to enhancing the party expansion work. Between 1988 and 1990, we established 26 more regional party committees and 143 subordinate party chapters. Only 10 party chapters [words indistinct].

Lao People's Army Officer Greets Bou Thang

BK0407042790 Phnom Penh Domestic Service in Cambodian 1200 GMT 3 Jul 90

[Text] While our entire party, Armed Forces, and people throughout the country were celebrating the 39th anniversary of the Cambodian People's Armed Forces [CPAF] and army-people solidarity day, 19 June 1951-19 June 1990, and the 39th founding anniversary of the Kampuchean People's Revolutionary Party [KPRP], 28 June 1951-28 June 1990, Comrade Major General Osakan Thammatheva, chief of the General Political Department of the Lao People's Army [LPA], sent a greetings message to Comrade General Bou Thang, chief of the CPAF General Political Department. The message reads in full:

Dear comrade general, On the occasion of the 39th founding anniversary of the KPRP, on behalf of cadres and combatants of the LPA General Political Department and in my own name, we would like to extend our warmest greetings and best wishes to you and, through you, to all fraternal cadres and combatants of the CPAF General Political Department.

In the past 11 years of fighting and buildup under the leadership of the KPRP and with the support of the people and ethnic nationalities, the CPAF have grown constantly and have fulfilled their significant tasks in jointly liberating the nation and defending Cambodia's revolutionary achievements, thus contributing to struggling for peace and preserving the bond of solidarity of the three Indochinese countries.

We are convinced that the special relations of friendship and militant solidarity between the two peoples and two armies of Laos and Cambodia in general and between the general political departments of our two armies in particular will further strengthen and flourish firmly and splendidly. May you, Comrade General, enjoy good health and new victories in your noble tasks.

Yours very sincerely.

Latest Khmer Rouge Peace Proposal Rejected

BK0407145390 Phnom Penh Domestic Service in Cambodian 1300 GMT 4 Jul 90

[Station commentary: "The Antiquated Proposal of the Murderers"]

[Text] According to the Chinese news agency XINHUA, on 30 June the Democratic Kampuchea faction—namely the murderous Pol Pot gang—put forward a so-called new proposal for a peaceful settlement of the Cambodian problem. However, if we were to look into its content, we would see that there is nothing new at all. Despite some embellishments and rewording here and there, the latest proposal of this gang of butchers only reiterates their eight-point proposal of the past and Sihanouk's five-point proposal of the previous year.

People still remember that the question of UN administration in the Cambodian solution was discussed in detail by the Paris international conference on Cambodia in the middle of 1989 as well as by the informal meeting in Jakarta earlier this year on the basis of the formula advanced by Australian Foreign Minister Gareth Evans. World opinion and delegations attending these forums clearly stressed that the UN role should be linked to respect for Cambodia's sovereignty. It was in this context that Comrade Hun Sen and Samdech Sihanouk agreed in their joint statement issued in Bangkok on 21 February 1990 that the presence, to an appropriate degree, of the United Nations in Cambodia should be encouraged.

Therefore, by including in their proposal the call for the dispatch of a UN international peacekeeping force, the genocidal gang merely raised an antiquated issue unacceptable to the Cambodian people on the ground that it is of no use to demand the withdrawal of troops from one country and replace them with troops from many other countries. Comrade Chairman Hun Sen once pointed out that no matter how effective the UN peacekeeping force may be, it would not be able to ameliorate the situation if the Cambodian factions were not united.

Another ridiculous thing is the antiquated point in the proposal dealing with the creation of a so-called interim quadripartite authority that has already been rejected by the Cambodian people.

Lately, forums and movements that seek a solution to the Cambodian problem have concentrated on creating a neutral climate for the Cambodian people to exercise their right to self-determination through free, equal, fair, and democratic elections. It is in this sense that the State of Cambodia has agreed with the idea of establishing a supreme national council that would symbolize the sovereignty and unity of the nation, and accepted a UN control mechanism to organize the elections. As for the two existing governments, in our view, they should not interfere in or hamper that process. Experiences in a number of countries in Africa, Latin America, and East Europe show that it is possible to hold free and fair elections under the control of existing authorities.

Worse still, the Pol Pot gang demanded that representatives of all factions be given equal power from top to bottom, which constitutes a gross violation of the Cambodian people's right to self-determination.

For all these reasons, the latest proposal of the murderous gang is seen as an antiquated proposal. If they have tried hard to hurl out this proposal, it was because they wanted to avoid being condemned by the Cambodian people and world public opinion following the refusal by Khieu Samphan to implement the Tokyo joint communique. In issuing this meaningless proposal, they merely wanted to conjure up a smokescreen in order to mislead other people into believing that they, too, have the goodwill to settle the Cambodian problem. The main objective of this gang of butchers is to protract the civil war as long as possible so that they can continue to slaughter the Cambodian people.

It is generally known that the Pol Pot gang, namely Democratic Kampuchea, massacred more than 3 million unarmed innocent Cambodians. Consequently, it would not hesitate to massacre more Cambodian people now that they are forced to take up arms in self-defense. For this reason, this genocidal gang keeps repeating the old proposal knowing quite well that no one would accept it.

VODK Calls DK Proposal 'Major Concession'

BK0307093590 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 2 Jul 90

[Station editorial: "The New Proposal of the Party of Democratic Kampuchea Is a Rational Approach to a Lasting and Fair Comprehensive Political Settlement of the 11-Year-Old Vietnamese War of Aggression in Cambodia"]

[Text] The party of Democratic Kampuchea [DK] put forth on 29 June a new proposal aimed at putting an end to the Vietnamese war of aggression against Cambodia through a comprehensive political solution. The new proposal is within the framework of the 26 May 1990 New York statement of the Five Permanent Members of the UN Security Council. This is evidence of the DK party's constant efforts and active cooperation with the international community to reach a speedy, comprehensive political settlement of the Vietnamese war of aggression and occupation of Cambodia in order to restore peace, security, and stability to Cambodia as well as the whole region.

The proposal consists of three chapters which present in detail all the aspects of a lasting and fair comprehensive political breakthrough to the Cambodian problem. This is to safeguard genuine peace, security, and stability in Cambodia, thereby restoring peace, security, and stability to the region and the whole world.

The proposal does not concern only the interests of the victimized Cambodian people and the regional peace and stability but also the interests of the Vietnamese aggressors and their puppets who have committed countless crimes against the Cambodian people and peace and stability in the region over the past 11 years.

The proposal is a major concession made by the DK party and the Cambodian people to the Vietnamese aggressors and their lackey puppets. The concession once again shows that the Cambodian national resistance forces and the Cambodian people do not want the war. Instead, they are willing to put an early end to the war so they can again live peacefully in their own country. The Cambodian people hope that Vietnam will actively respond to this new proposal by agreeing that a UN peacekeeping force verify the withdrawal of all Vietnamese aggressor forces from Cambodia and by allowing the puppets to participate in establishing a supreme national council with the three patriotic Cambodian parties on equal footing so as to organize free and democratic elections in Cambodia under the supervision of the United Nations. This is the most rational approach to ending the 11-year Vietnamese war of aggression against Cambodia.

Hun Sen Reward for Foreign Journalists Viewed

BK0607013090 Bangkok BANGKOK POST in English 6 Jul 90 p 6

[Excerpt] The Cambodian government has offered a US$1,000 reward to any government troops who capture a foreign journalist travelling with the anti-government guerrillas, a resistance group has said. "Yesterday (Wednesday), enemy forces in Kompong Thom province issued an order saying that any unit capturing a foreign journalist in Cambodia will be rewarded $1,000," said a statement issued by the Bangkok office of resistance leader Prince Norodom Sihanouk yesterday, UPI reports. "Why is Hun Sen opposed to foreign journalists travelling with the resistance?" it asked.

Foreign journalists have occasionally accompanied resistance groups on trips through the Cambodian countryside. Sometimes the same reporters have visited Phnom Penh to report on both sides of the 11-year-old conflict.

The Sihanouk-led group, with its two allies—the Peking-backed Khmer Rouge and the US-backed Khmer People's National Liberation Front—are fighting the Phnom Penh government installed by the 1978 Vietnamese invasion.

The resistance group also said it had made military progress in Kompong Thom province, 118 kms north of Phnom Penh during fighting this month. The statement said the resistance killed 85 government troops, wounded 73, captured 31 prisoners and seized a large quantity of arms in Kompong Thom. Resistance casualties were very light, it said.

"Civilians in Kompong Thom town are gradually moving out to live in our liberated zones," the statement said. Government troops stationed in the countryside have asked permission to retreat into the main towns, it said. [passage omitted]

'State of Emergency' Declared in Kompong Thom

BK0607035990 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 5 Jul 90

[Excerpt] The Vietnamese enemies and the leaders of the traitorous puppet Hun Sen-Heng Samrin regime are in great panic and have declared a state of emergency in Kompong Thom Town.

Since the 17 June attack by the Cambodian national resistance forces, the people, Phnom Penh soldiers, the Vietnamese enemies, and traitorous puppets there have continued to live in confusion. People are continually saying that they see the resistance forces in certain areas as resistance artillery shells continue to bomb the town. Because of this, the Vietnamese enemies and puppet leaders there are maintaining the state of emergency. Moreover, they have planted mines in some areas around and in the city. They have also warned that any Cambodian soldier or resident caught trying to escape from Kompong Thom town and refusing to fight the national resistance forces and die there will be summarily executed. [passage omitted]

Indonesia

Alatas Urges Solution to Refugee Problem

BK0407153790 Jakarta Domestic Service in Indonesian 1500 GMT 4 Jul 90

[Text] Indonesia has called on the international community, the countries that are the final destinations of Indochinese refugees, and Vietnam, Laos, and Cambodia to immediately find a solution to the Indochinese refugee problem. Speaking at a news conference in Hong Kong today, Foreign Minister Ali Alatas said that there are now about 18,000 refugees on Galang Island. This is putting a greater and greater strain on Indonesia. He said that Galang Island has a capacity of some 5,000 refugees. The island, which has been reserved for Vietnamese refugees, is now flooded with Cambodian refugees.

According to Foreign Minister Ali Alatas, the Indochinese and Cambodian [as heard] refugees will be screened to determine whether they are genuine refugees or merely people who want to seek a better life.

Suharto Meets Mauritanian Minister 5 Jul

BK0507113190 Jakarta ANTARA in English 1026 GMT 5 Jul 90

[Text] Jakarta, Jul 05 (OANA-ANTARA)—President Suharto here Thursday [5 July] received visiting Mauritanian Minister of Education Mocktar Ould Haye, who on that occasion conveyed a special message from Mauritanian President Maaouiya Ould Sid 'Ahmed Taya on the willingness of the African country to establish relations with Indonesia.

In a press briefing after his meeting with the president at the latter's Jln. Cendana Mansion, Minister Mocktar Ould Haye said that Mauritania, as an Islamic country, wanted to establish good relations with Indonesia, where most of the people were Moslems. He went on to say that his country wanted to establish cooperation in the field of economy and culture.

Queried about President Maaouiya's special message he brought for President Suharto, diplomatically he said that there is no special importance of the message. However, before leaving the Jln. Cendana Mansion, the Mauritanian guest distributed a book entitled Book of Facts: Conflict With the Senegal to the newsmen.

The Mauritanian minister arrived here on Monday and is scheduled to leave here for home on Friday morning.

Editorial on Indonesia-Japan Consensus on PRC

BK0307145790 Jakarta MERDEKA in Indonesian 29 Jun 90 p 5

[Editorial: "Indonesian-Japanese Consensus on China"]

[Text] An Indonesian-Japanese consensus not to isolate China was indeed a political step of strategic importance. Indonesian Foreign Minister Ali Alatas expressed the Indonesian Government's support for Japan's policy of not isolating China from the rest of the international community.

The Indonesian foreign minister expressed the Indonesian support when he met his Japanese counterpart, Foreign Minister Taro Nakayama, in Tokyo on Wednesday [27 June] evening. Foreign Minister Ali Alatas will leave for Beijing on Friday for a working visit to finalize the normalization of relations between the Republic of Indonesia and the PRC.

Indeed, the Indonesian foreign minister's working visit to Beijing is expected to settle various problems apart from finalizing the normalization of relations between the two countries. The Indonesian foreign minister's step will certainly speed up the process of settling the Cambodian conflict.

Indeed, the process of settling the Cambodian conflict is not too complicated a matter for China itself. First of all, this country simply wants to get the assurance that all countries in Asia are willing to be friendly with it and its people. The most concrete example was China, as a good host, spontaneously accommodating Norodom Sihanouk, who was ousted from his country, when almost nobody cared about his fate.

It would not be impossible for China to do likewise toward his colleagues from the Khmer Rouge, a Cambodian resistance group. Based on highly calculated political considerations, the Chinese Government will certainly not agree to sacrifice the Khmer Rouge, who are condemned and criticized by the international community. The Chinese Government has certainly already prepared new initiatives to anticipate this.

However, to go further, the Chinese Government certainly needs a peaceful political environment in neighboring countries throughout Asia. Accordingly, it was not surprising that China in its political maneuver was enthusiastically willing to accommodate Vietnam, a fellow continental country.

The Indonesian support for Japan's foreign policy will certainly encourage China to adopt a more realistic attitude toward the process of settling the Cambodian conflict, which has been encouraged by Japan. In addition to Vietnam, Indonesia will be a key in the process of peacefully settling the Cambodian conflict.

Indeed, based on political realism, Asian countries will prove that they will be able to settle all problems among themselves. Thus, the slogan "let Asians settle their problems" will not be just a slogan, but a reality.

On Friday, the Indonesian foreign minister's working visit to Beijing will certainly give a concrete outlook of how the two Asian nations want to achieve peace, friendship, and mutual respect. Willingly or unwillingly, the Republic of Indonesia and the PRC must assert their commitment to the spirit of the Ten Principles of Bandung [the 1955 Afro-Asian Conference] which both agreed upon.

Past history would be a highly valuable lesson for the Republic of Indonesia and the PRC. The PRC will certainly realize that a policy of interference in the affairs of another country will in no way produce useful results. Contrary results will come about.

A quarter of century is a long and useful period for the two sides to see which aspects of their political relations should no longer be continued and which ones should be maintained. The Chinese Government will certainly think again and again how appropriate it will be for all sides to perpetuate the spirit of the Ten Principles of Bandung.

Obviously, the Indonesian foreign minister's working visit to Beijing can be likened to "passing two to three islands while only rowing once." Moreover, by sharing identical views on the PRC, the Republic of Indonesia and Japan as non-continental or archipelagic Asian countries will not only further speed up the process of achieving peace and easing tension in Southeast Asia, but will also develop a sense of togetherness among Asian countries as a whole.

Implicitly, there has been a tendency toward the imminent construction of an "Asian house." The construction of the Asian house will obviously ensure the welfare of all Asians. The United States and European countries can "take advantage of" Japan's economic superiority. Why can't we fellow Asians do likewise?

Indeed, all Asian nations have great potentials in view of their human resources. Most of the world's population is concentrated in Asian countries. How saddening it would be if Asians are not clever enough to take advantage of their assets and innumerable natural resources.

We are confident that Asians will be able to build the new Asian house with the cooperation and support of potential countries. Indonesia, Vietnam, China, Japan, and India are among the potential Asian countries.

Based on a political and socioeconomic analysis, the normalization of diplomatic relations between the Republic of Indonesia and the PRC will speed up the construction of the Asian house. It would not be impossible for Asia to establish an Asian Economic Community comparable to the European Economic Community.

Indeed, the path toward this goal has been initiated in recent years with the emergence of an Asia-Pacific economic forum. It is now up to potential Asian countries to take their leading roles because the main political strength everywhere is a spirit for a change and reforms and not dogmatism.

Javanese Settlers Flee East Aceh After Threats

BK0407121290 Hong Kong AFP in English 1129 GMT 4 Jul 90

[Text] Banda Aceh, Indonesia, July 4 (AFP)—Some 1,200 Javanese settlers have fled their villages in the western Indonesian region of East Aceh in the past week following threats from armed groups, military sources said here Wednesday [4 July].

The settlers—who came to East Aceh under a transmigration program designed to ease population pressures on Java—have sought refuge in Langkat, North Sumatra, the sources added.

The military sources also reported that undidentified assailants killed a local military intelligence member, First Soldier Sofyan, 46, in an ambush late Monday in Aceh. The body of the soldier, who was ambushed as he rode his motorcycle on the Peureula highway some 300 kilometres east of here, was found headless and badly mutilated. The killing was the latest in a series of attacks and ambushes by armed groups in Aceh that killed at least 23 civilians in the past two weeks and about the same number of military and police members since early this year.

Authorities have blamed the attacks on members of the Security Disturbing Movement (GPK), an official term generally used to describe separatist militants in various Indonesian regions.

In Aceh, the term has previously been used to refer to the separatist Aceh Merdeka (Free Aceh) Movement which has been campaigning for an independent state in Aceh since the mid-1970s. But Indonesian Armed Forces chief General Try Sutrisno earlier Wednesday said that the recent armed violence in Aceh was purely criminal, had no political motives and was unrelated to the Aceh Merdeka.

Gen. Try said he believed GPK activities, which he said consisted of "robberies, theft and disturbing the calm in Aceh," could be related to recent intensive government efforts to eradicate illegal marijuana plantations in the region. "I think it has something to do with ganja because ganja, as you know, entails money," Gen. Try said.

The general said the GPK were about 30 men strong, including army deserters, and were equipped with several firearms. Military authorities had said previously that the GPK force was estimated at around 120 men who had some 27 automatic rifles taken from troops in various ambushes and attacks.

The threats that prompted the settlers to flee were also blamed on the GPK, according to military sources.

Laos

Kaysone Phomvihan's Financial Conference Speech

BK0307122390 Vientiane PASASON in Lao 22 Jun 90 pp 1, 3, and 4

["Installment one" of speech by Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers of the Lao People's Democratic Republic, delivered at the first nationwide financial conference in Vientiane capital on 20 June]

[Text] Beloved comrades: We have made much important progress in applying the new economic mechanism in our country, and we should be determined to continue our efforts in this regard. However, we still have many weak points and shortcomings. We have not yet gone through the period of economic difficulties. At the same time, more complicated undertakings are still waiting for us to fulfill. The fundamental reforms of pricing policy and currency exchange rates which were determined by the marketing mechanism in the past years; granting of the right to autonomy to state enterprises; development of household economy, agriculture, private economy, and economy of other sectors; the broadening of foreign trade; and the promotion of domestic and foreign investment have eliminated the shortage of commodities and gradually stabilized prices of commodities. These are the factors which have enlivened our economy, enabled us to promote trade with foreign countries, and adjusted ourselves with the process of economic development in the region.

However, the process of stabilizing and developing national economy is still very slow due to the existence of many major economic problems which deserve "priority" treatment, especially in the financial and monetary areas, trade, and economic management system from the center down to the grass roots. Moreover, the international economic and political situation has been changing in a confusing manner. Our economy has been facing confinement while competition in the region is extremely fierce. For this reason, we must exert more efforts to accelerate the process of restructuring. In so doing, we will have to confront numerous new problems and, at least, try to correct the major shortcomings as I have mentioned above.

This is crucial for our attempts to overcome the difficult situation and step forward to achieve further economic expansion. One of the major problems is the formulation and effective implementation of the national finance policy which must be linked with the process of fundamental restructuring and organizational mechanism. It must also be linked with the monetary movements from the center down to the grass roots so as to correct and amend all important economic policies such as the monetary policy, credit policy, pricing policy, revenue policy, and investment policy which are designed to develop the country's economy, maintain economic stability, and clearly define the roles and duties of the state in controlling the overall economy.

The lessons drawn from the economic reforms in a number of socialist countries have clearly proved that despite the success of the agricultural and economic reforms in rural areas, the reforms in the areas of industries, trade, and economy in cities face the financial, monetary, pricing, and revenue problems and other difficulties. The causes of these problems are the lack of the new system of economic laws, inertia originated from the old and oversized management apparatuses, danger of inflation, business bankruptcy, unemployment, and social unrest.

Realizing the significance and the all-around effects of the financial problem on economy, politics, and society, and organizations, this conference has therefore prepared many documents for you comrades to study and discuss. In so doing, we must try to avoid three tendencies as follows:

First, we must not adopt the line of perfectionism, unrealistic approach, haste, and carelessness. Otherwise, we will be acting like robots and eventually have to copy financial policies, regulations, and laws of other developed countries. In fact, those countries modified and amended their own policies, regulations, and laws many times before they come to that point. But we are only at the very starting point. This is the first tendency we must avoid.

Second, we must avoid the attitude of conservatism and the obsolete way of administration which relies mainly on the issuance of orders and the assumption that we must rigidly act according to the provisions of the laws since we lack prerequisites for an effective financial mechanism.

We should be aware of the fact that many underdeveloped countries like ours have fairly completed financial laws for economic management and defense of their national interests. As for our country, we have not yet gone that far despite the fact that many resolutions and decrees have been issued to deal with this matter. We must find out why many resolutions and decrees are simply left on paper and cannot be effectively implemented. Worse still, those resolutions and decrees have been distorted and exploited by some people to create difficulties to the country's economy. The first answer is that we have failed to turn those resolutions and decrees into laws for enforcement. For over the past 10 years, we tended to put all the blame on our weakness in organizing and guiding the implementation of those resolutions and decrees. Since those resolutions and decrees have not been turned into laws and amended as necessary, the leadership of each locality and level of the administration has its own way of enforcing and implementing those resolutions and can always find good excuses for every mistake it made.

Third, the presumption that the change of economic management mechanism means the elimination of the state's roles in economic management [sentence incomplete as heard]. But the fact is that to change the economic management mechanism means to change the pattern and method of the state management of economic affairs by shifting from direct administrative tools to indirect economic management tools and allowing the markets, the rule of demand and supply, competition, profitable operation, and bankruptcy to directly regulate the direction of business production. In other words, the state uses laws and regulations as its tools to control and manage the economy. The state will not meddle with business production. It is impossible that a small number of political cadres will be able to do better than millions of people in determining the types and quantities of goods to be produced to meet the fluctuating demands of domestic and foreign markets. These aforementioned problems are closely related to the mechanism for organizing and regulating financial undertakings which is aimed at achieving overall development without suppressing the strength and interests and creativity of the laboring people.

At this point, I would like to discuss the foundation of national finance policy so as to provide the direction for you comrades to study.

Part I

National finance policy on the basis of new concepts. Its limits and contents. Actual conditions of our country.

The old finance policy relied on the massive receiving and paying out mechanism, thus further deteriorating our already weak national financial condition. Its centralized, bureaucratic, poorly organized, and anarchic characteristics hindered its effective implementation and economic development. The very reason for this mishap is that in the past several years, we failed to distinctively differentiate the roles, duties, rights, interests, and responsibilities of various sectors which are the components of our national finance. National finance of a country is the system of economic relations under the monetary structure constructed in the process of exploitation, utilization, and development of both centralized and decentralized financial sources in the entire society and is comprised of the following sectors.

The first sector is state finance including the state budget, state credits—loans acquired by the state from both internal and external sources and loans released by the state, and treasuries of state agencies and organizations.

The second sector is the finance of state enterprises including business production, service enterprises, commercial banks, credit agencies, insurance companies, and other economic units under the state management (state-private partnership, collectives, and private entities.)

The third sector is the finance of the masses and mass organizations namely trade unions, youth unions, women unions, various associations such as friendship associations, and others.

The right kind of financial mechanism is the one that creates conditions conducive to the mobilization and utilization of the aforementioned financial sources so as to strengthen and further expand national finance. To achieve that goal, we must make various financial sources have real owners who will stand to defend their own interests with the sense of responsibility. Relations among various financial sources are maintained and directed by the efficiency of the economic and marketing mechanisms under state control.

National finance policy is therefore the system of plans, policies, measures, and financial tools used by the state to influence the process of establishing and operating the components of national finance and relations among those components with the aim of implementing the objectives and strategy of the socioeconomic development plans of our party and state.

In the economically developed countries, there are many types of markets, such as capital markets and monetary markets, and these markets control financial relations in society. National finance policies of these countries primarily depend on the state budgetary policies comprising tax policy and budget spending policy. The states adopt tax and budget policies so as to regulate and influence every sector of the national finance and relations among various economic sectors.

As for our country and many other countries where marketing economy has not yet been developed and the goods-money relations have not been broadened, national finance policy is quite complicated in many aspects. We have to strive to create the macro-financial tools that are efficient and suitable to the micro-financial circumstances. It is like we are building a boat to use. However, in underdeveloped countries like ours, we must also dig canals so that we can use the boat. Besides, there are many other factors involved that make the boat sail fast and safely. If we want to increase the efficiency of finance policy, we must apply the monetary policy, bank credit policy, foreign currency control policy, revenue policy, national trade policy, foreign trade policy, investment policy, development policy, and others that must be simultaneously, comprehensively, and independently implemented.

The roles, duties, and mechanisms of the financial tools must also be linked with the rate of actual expansion of national economy. I believe our national policy must incorporate the following policies.

The policies of creating financial sources and utilizing capital in accordance with the limits of national economy, and creating financial markets so as to lay the foundation for the efficiency of capital utilization step by step.

Tax policy, budget policy, and the policy for management of state credits (loans acquired by the government from domestic and foreign sources, loans provided by the government, and investment made by the government) including the mechanism to direct the establishment and functioning of the state financial system, which is regarded as an important tool to control every state finance policy and the national economy.

The policy of promoting the state insurance and business insurance industry.

The policy of solving the financial problems of state enterprises and effectively expanding the rights of joint ownership in accordance with the principle of financial self-mastery.

To further increase the overall efficiency of national economy and the direct financial tools, we must make fundamental changes in economic policies concerned, such as the monetary and bank credit policies which are important factors to achieve the objectives of state finance. Other policies dealing with various bank credits, interest rates, and foreign exchange rates must also be revised. We must also implement a price stabilization policy and income distribution policy.

Beloved comrades, the above explanation is aimed at clarifying our national finance policy and its limits in comparison with the other policies in the system of macro-economic management mechanisms adopted by our state in the process of developing and renovating the marketing economics management mechanisms for the time being and next decade. In Part II, I will discuss the foundation and objectives of our national finance policy.

Central Committee Greets 28th CPSU Congress

BK0207145990 Vientiane Domestic Service in Lao 1200 GMT 2 Jul 90

[Text] On 2 July, the Lao People's Revolutionary Party [LPRP] Central Committee sent a message of greetings to the 28th CPSU Congress. The message reads as follows:

On the occasion of the convening of the 28th CPSU Congress, the LPRP Central Committee would like to convey warmest greetings and salutations of profound friendship and comradeship and best wishes to all delegates to the party congress, and through the congress to all party members, workers, laboring people, students, intellectuals, and fraternal people of the Soviet Union.

The CPSU has maintained a heroic tradition in leading the revolutionary cause of the Soviet people to marvelous victories on many occasions in world history and in building an advanced society on the basis of the application of Marxism-Leninism. As a result, the Soviet Union has become a strong country, which has greatly contributed to the common struggle of various nations for peace, national independence, security of mankind, and social progress.

The 28th party congress of comrades—which is held while the world situation and the domestic situation in the Soviet Union have profoundly and complicatedly changed and amidst the continuing struggle between the two systems, socialism and capitalism—is of great significance. It is considered a historic turning point involving the political life and the vast country of the Soviet people as well as the world situation of the present era. We hope that by further pursuing the reform line and policy in the Soviet Union, your party, together with the Soviet people, will be able to overcome all difficulties and various trials and then lead the nation to march forward to achieve prosperity on the path of building a socialist society with justice, democracy, and advanced culture.

The LPRP, the Government of the Lao People's Democratic Republic, and the Lao people are firmly convinced that the fine and time-honored traditions of great friendship, solidarity, and all-around cooperation between our two parties, two states, and two peoples of Laos and the Soviet Union will be effectively developed and strengthened with each passing day.

May the 28th congress of the honorable, splendid CPSU be crowned with glorious success!

Deputy Foreign Minister Meets Indonesian Group

BK2906060090 Vientiane Domestic Service in Lao 0000 GMT 29 Jun 90

[Text] Yesterday afternoon [28 June], Souban Salitthilat, deputy minister of foreign affairs, received at the Foreign Affairs Ministry in Vientiane a delegation of the Indonesian Foreign Affairs Ministry led by Dr. Hashim Jalal, director general of the Research and Development Department attached to the Foreign Affairs Ministry. The Indonesian delegation is currently on a friendship visit to Laos.

On this occasion, the guest and the host discussed bilateral relations and issues concerned with security and cooperation in Southeast Asia and the South China Sea. The meeting and talk between the two sides proceeded in a cordial atmosphere.

Philippines

Further on Kidnappings of Swanson, Mizuno

Demand for Mizuno Said 'Unlikely'

OW0507081990 Tokyo KYODO in English 0646 GMT 5 Jul 90

[Text] Bacolod, Philippines, July 5 (KYODO)—Rebel leaders on Negros Island are unlikely to discuss ransom demands, but may set conditions for the release of kidnapped Japanese aid worker Fumio Mizuno, sources close to the guerrillas said Thursday.

Top rebel officials are deciding the fate of Mizuno in a plenum which ends in two days, the sources said. Officials of the Japan-based Organization for Industrial, Spiritual and Cultural Advancement (OISCA) are hoping the rebel meeting will lead to Mizuno's release within the week.

Meanwhile, military sources said intelligence reports indicate that Mizuno was turned over to a higher rebel command in northern Negros before June 15 because of military operations in Murcia Town, where he was abducted May 29. The Japanese aid worker may now be in the same camp as American Peace Corps Volunteer Timothy Swanson who was taken by the rebels last month, military sources added.

Mizuno, 36, is OISCA training director in Negros Occidental Province, 480 kilometers south of Manila, where the private aid group is funding several agriculture projects.

Lawyer Edgar Uytiepo, spokesman of a panel negotiating for Mizuno's release, said he talked with the abductors over a radio transceiver Thursday, but they did not say anything about conditions for the release of the kidnapped Japanese. "All I asked them is (for) his release," Uytiepo told reporters, adding that "we are not willing to pay anything."

Asked if the rebels were unlikely to raise any demands for Mizuno's release, Uytiepo said "apparently yes."

He added that the rebels may only be deciding when and where to release Mizuno who was reported to be in good condition.

"Soon I will have pictures of Mizuno in captivity," Uytiepo said. He would not say how the abductors identified themselves.

NPA Issues Statement

HK0607101990 Hong Kong AFP in English 0929 GMT 6 Jul 90

[Text] Manila, July 6 (AFP)—A communist rebel leader in the central Philippines Friday said a U.S. Peace Corps volunteer and a Japanese non-government aid worker held hostage by guerrillas would be freed this month without any ransom. The assurance came as the New People's Army (NPA) general command issued a written statement in Manila saying the guerrilla group was not targetting U.S. Peace Corp volunteers.

The NPA Negros island commander, who gave the name Comrade Efren, warned in a telephone interview with Manila journalists from the city of Bacolod that a military drive to free the hostages "might endanger" their lives.

Fumio Mizuno, 36, from the privately run Organization for Industrial, Spiritual and Cultural Advancement (OISCA), was kidnapped on May 29 in the town of Murcia.

Peace Corps volunteer Timothy Swanson, 26, was taken away on June 13 by the same NPA unit outside the city of Silay, the guerrilla officer said.

"We're not asking ransom for the two," Efren said, adding that the volunteers were spared because "we believe that they did not know what they were involved in." But he warned that the guerrillas "will not be so kind the next time."

Asked when the two would be freed, he replied "within the month," but gave no details. He said the two were being treated well and "they will be freed soon unless the government sabotages our negotiations."

A Filipino-Japanese panel in Bacolod has established contact with the NPA, but details of the negotiations have been shrouded in secrecy.

As Efren granted the interview, the NPA general command, which oversees the rebel army, issued a statement in Manila saying that they had "never placed the Peace Corps as a target of its military operations." "The NPA does not kidnap people," the statement said, adding that the rebels "consider the American people, in general, as friends of the revolutionary movement and the Filipino people and are welcome to join us in our struggle." In the interview, Efren said the two foreigners were invited "to dialogue with us" after the NPA received "initial evidence" that they were working for the Manila government's counterinsurgency effort.

The NPA statement also accused U.S. President George Bush of "spreading the lie that the NPAs plan to kill or kidnap Peace Corp volunteers." The volunteers were pulled out of the country on June 27 amid kidnapping fears. It was the first reaction from the NPA high command to the U.S. Embassy's claim that it received a threat against the Peace Corps from the NPA.

The embassy said it learned about Mr. Swanson's abduction only on June 30, or three days after Washington ordered all 261 Peace Corps volunteers in the Philippines brought back home following the alleged threat.

Efren said Mr. Swanson and Mr. Mizuno were "very cooperative" and provided information that "confirmed our suspicions." He promised to later give the detailed accusations against the two foreigners' respective organizations. "They gave us information that even the media do not know, and from what they gave us, we have confirmed our suspicions," the guerrilla leader said.

On earlier reports that the NPA was demanding ransom money for Mr. Mizuno's release, Efren said, "some syndicates and scalawag soldiers have been trying to trick Mizuno's family into giving money." "The soldiers, they want to make us look bad in public opinion," he said. "We are not bandits."

"Not all aid workers are targets," the rebel commander said, adding that the rebels would go after "only those who are helping the (Corazon) Aquino government in its total war policy." He said one Peace Corps volunteer in Negros was informing the military and big landlords about rebel activities, but hinted it was not Mr. Swanson.

He warned strongly against any military effort to recover the hostages. "We will engage (the military) to protect our territory," he said. "The foreigners may be hurt, or worse, killed."

Aquino Wants Talks Before Bases Referendum

HK0507132790 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 0930 GMT 5 Jul 90

[From "GMA News" program]

[Text] President Corazon Aquino today said talks should be held first on whether or not to have a new bases treaty before holding a referendum. A published report stated that the presidential committee on the bases has endorsed holding a referendum to determine whether or not the Filipino people want a new agreement on the bases. The report cited a factbook prepared by the committee entitled: Question of the Bases. The president explained that the word referendum was not used once in the factbook. She quoted the factbook's final message as saying Filipinos should decide as a country the case for a new treaty.

Two Suspected 'Carlos' Terrorists Deported

HK0507061790 Hong Kong AFP in English 0554 GMT 5 Jul 90

[Text] Manila, July 5 (AFP)—The Philippine government has deported two Frenchmen it has accused of belonging to the international "Carlos" terrorist group, the immigration commission said here Thursday.

Police arrested Michel Lothoz and Christian Altbaum separately in March in the central city of Cebu, where they are suspected of engaging in illegal activities, immigration commission spokeswoman Sarah Andres told AGENCE FRANCE-PRESSE.

Mr. Lothoz chose to be voluntarily deported May 15 and Mr. Altbaum followed suit June 2, she added.

"Intelligence informants" whom she did not name identified the men as two of four surviving members of the Carlos terrorist group, Miss Andres said. But other sources said that the case rested on an accusatory letter "which came from rivals in the business" and that the two men are not sought by police in France. Manila did not indicate whether the men were wanted by French authorities.

Carlos is the nom de guerre of Venezuelan-born Illich Ramirez Sanchez, thought to be responsible for a series of terrorist attacks in Western Europe and the Middle East in the late 1970s and early 1980s.

Miss Andres said the Philippine immigration chief, Ar[illegible]a Domingo, last month visited Cebu and noted that the central port city was "becoming a haven for the criminal underworld," as police have arrested 15 foreign fugitives in the area.

Manila has informed the French Embassy here of the arrest and deportation of the two men, Miss Andres said.

Japanese Envoy Meets With President Aquino

OW0607011990 Tokyo KYODO in English 1000 GMT 5 Jul 90

[Text] Manila, July 5 KYODO—Japanese Ambassador Tsuneo Tanaka met with President Corazon Aquino on Thursday to hear her views on next week's summit of major industrial countries in the United States.

Tanaka said Aquino "reiterated the importance of ASEAN (Association of Southeast Asian Nations) and, of course, Philippine affairs." He did not give details of their discussion.

Tanaka said the Philippine President's views would be relayed to Japanese Prime Minister Toshiki Kaifu, who is attending the three-day summit starting on July 9 in Houston, Texas.

The summit will focus on the economic needs of Eastern Europe, which has undergone rapid changes in the past year, and discuss possible resumption of aid to China.

Third World countries burdened with foreign debts have expressed concern that aid flows from donor agencies may be diverted to Eastern Europe to the detriment of underdeveloped nations.

Donation of Medical Supplies To Iran Announced

HK0607024390 Quezon City Radyo ng Bayan in Tagalog 0200 GMT 6 Jul 90

[Text] Malacanang announced a donation of more than 200,000 pesos worth of medical supplies to earthquake victims in Iran. A strong tremor caused serious destruction in some towns and villages in northern Iran, with an estimated 50,000 people killed and 100,000 others left homeless.

Aquino, Congressmen Agree on Kabisig Program

HK0607055190 Manila MANILA BULLETIN in English 6 Jul 90 pp 1, 18

[By Fred M. Lobo]

[Text] President Aquino and the country's congressmen agreed yesterday on a balanced implementation program for government projects under the Kabisig [Partnership], as members of the House of Representatives expressed their support for the movement with a vow of non-obstructionism.

The President, together with members of her Cabinet and top advisers, met with congressmen from various political parties in a cordial two-hour meeting that appeared to have removed suspicions and dissension between Malacanang officials and Congress members.

Mrs Aquino told congressmen that the movement merely seeks to mobilize people's participation in government programs and projects and is not in any way intended to alienate national politicians from their constituents.

The House members said that three major conditions on how the Kabisig should be implemented were agreed upon with Mrs Aquino. Assistant Majority Floorleader Raul Roco (LDP) [Struggle of Philippine Democrats], who spoke for the House members, said that they agreed on the use of public funds as approved by Congress, with the involvement of governors and mayors. Non-governmental organizations (NGO) participating in Kabisig will be screened to check politically motivated personalities like defeated and aspiring politicians. They also agreed that no "new bureacracy" will be created.

Speaker Ramon Mitra Jr. said there will be no obstructionism on the part of the House in the implementation of programs and projects beneficial to the people. However, Mitra said, he was not joining the movement, it being no longer necessary as he has always been supportive of Mrs Aquino, particularly in the passage of vital pieces of legislation.

During the bipartisan gathering, Mrs Aquino thanked Mitra and members of the House for their "tremendous support" for administration bills.

The President told the congressmen that Kabisig is not meant to alienate politicians. "It would not do good for me to go against politicians. After all, this is a democracy and politicians are necessary in democracy," she said.

"I believe in participatory democracy and I would like our people who would like to help government to to have a chance and an opportunity to participate in all its programs and projects," she said.

Mrs Aquino added that congressmen of the provinces she is scheduled to visit are welcome to accompany her.

She reiterated that Kabisig is a "people's movement and it is non-partisan."

The two-hour meeting with congressmen ended on a note of cordiality with House and Palace officials joking about "shadowy figures" and "trapos [traditional politicians]."

The President watched video tapes on the Kabisig movement with the House members. They later posed for photographs as laughter filled Malacanang's Ceremonial Hall.

Farmers, Leader Cleared of Sedition Charges

HK0407053990 Quezon City Radyo ng Bayan in Tagalog 0300 GMT 4 Jul 90

[Text] Kilusang Magbubukid ng Pilipinas [KMP—Peasants Movement of the Philippines] leader Jaime Tadeo and four other farmers have been absolved of sedition charges. The National Bureau of Investigation filed the case after trouble ensued during a farmers' rally in front of the Agrarian Reform Building on 3 May. The others who were cleared are Ben Cruz of Sanduguan [Blood Compact], Leonardo Montemayor of the Federation of Free Farmers, Oscar Castillo of Sipar [expansion unknown] and Rafael Mariano of the KMP.

Meanwhile, Tadeo continues to be detained in Muntinlupa to serve the 18-year prison term for his involvement in a fraud case.

Candao Mindanao Autonomous Region Governor

HK0407110890 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 0930 GMT 4 Jul 90

[From the "GMA News" program]

[Text] The Commission on Elections has proclaimed Zacharia Candao and Benjamin Loong as governor and vice governor-elect of the Mindanao Autonomous Region. Based on the final official tally, Candao garnered 333,980 votes, while Ali Dimaporo received 244,220 votes. Loong earned 246,225 votes in the vice-gubernatorial race, while his opponent received 130,065 votes.

Ali Dimaporo's lawyer, however, asked that Loong's proclamation be made provisional, citing the minimum age requirement of 35 for the vice-gubernatorial post. Loong is only 34 years old. Candao failed to attend the proclamation because he is now in Taipei.

Biazon Orders 'Final Blow' Against NPA

HK0607102990 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 0930 GMT 6 Jul 90

[From "GMA News" program]

[Text] Armed Forces of the Philippines Vice Chief of Staff Rodolfo Biazon ordered all military commanders to deliver the final blow against the communist New People's Army [NPA]. Biazon issued the order at a command conference in Camp Canuto, Camarines Sur. According to Biazon, the NPA strength has declined. He directed Colonel Victor Mayo to carry out a thorough study of measures to protect the people against the NPA rebels. According to the military, the number of guerilla fronts, particularly in the Quezon and Bicol area, has been reduced.

21 Graves of Alleged NPA Victims Found

HK0507041390 Manila MANILA BULLETIN in English 5 Jul 90 p 8

[By M. Crismundo]

[Text] Bayugan, Agusan del Sur—Twenty-one human skeletons of alleged victims of the New People's Army (NPA) were dug up the other day by four teams of Constabulary and police elements in barangays Canayugan and Claro Cortez, about 15 kilometers north of this town.

Lt. Col. [Lieutenant Colonel] Bartolome V. Baluyot, Agusan del Sur PC-INP [Philippine Constabulary-Integrated National Police] provincial commander who led the diggers, reported to Brig. Gen. [Brigadier General] Hermogenes Peralta, Northern Mindanao PC-INP chief, that more skeletons are expected to be dug up in barangays Andanan, Sagmone Mabuhay, Cubo, and Montevista, all of this town.

The two burial sites are located at a grassy area surrounded by bananas and coconut trees near a river. These are five kilometers apart. The graves were three to four feet in detph.

Baluyot said the shallow graves were found shortly after Eduardo Adonis, 24, alias "Ricky," surrendered last Monday. Adonis surrendered a U.S. pistolized caliber M-1 firearm, five magazines of caliber .30 carbine, 163 rounds of cabinet ammunition and one fragmentation grenade. He used to operate in Sibagat and Bayugan towns under district 1 of the Agusan del Sur provincial party committee.

Adonis and top civilian and AFP [Armed Forces of the Philippines] officials led by Baluyot and his operation officers Capt. [Captain] Dorotheo Palconit and Maj. [Major] Rogelio Bacayana of 414th PC company witnessed the digging of the graves.

Adonis said that two of the victims were their comrades who were executed for suspicion that they were military informers. Other victims, including a lawyer and a barangay captain, were also executed for their refusal to cooperate with the NPA.

12.2% Inflation Rate Recorded for Jun

HK0407025590 Manila BUSINESS WORLD in English 4 Jul 90 p 1

[By researcher James John P. Cezar]

[Text] After soaring to 13.6% last April, the highest registered so far this year, inflation rate continued its downward path for the second straight month. The inflation rate, measured by the year-on-year percent change in the Consumer Price Index (CPI), was charted at 12.2% for the month of June, a remarkable decrease of 0.9 percentage point from May's inflation rate of 13.1%.

This development may be traced to the slower climb in food, beverages and tobacco prices which capture around 53% of an average Filipino family's income. The commodity group's inflation rate displayed the highest monthly increase in Metro Manila at 2.9% but this was softened by the weak 0.8 percent increase in the provinces.

The Central Bank controls money supply growth to check prices. Earlier in the first quarter of this year, the institution was busy with open market operations after inflation reached 14.1% in December 1989.

Bank reserve requirement for all deposits were further increased to a uniform 21%. Regular Treasury Bill auctions were also used as instruments to control the growth and level of money stock. But it is hard to tell if these moves had a hand in the recent trend in prices.

Biggest Increase

Among the major commodity groups in the country, services displayed the biggest inflation rate increase from their month-ago level.

The CPI for services reached 517.2 points last June, up by 1.9% from the 507.7 points last May. "This could be attributed to the tuition fee hikes noted in high schools, colleges and universities in Metro Manila and in the provinces during the opening of school year 1990 to 1991," the National Statistics Office (NSO) noted.

Fuel, light, and water exhibited the next highest month-on-month increase of 1.5% as the price of firewood used as fuel in the provinces rose. This development may be traced to the rainy season, according to the NSO. In Metro Manila, electricity and water consumption increased due to the upward adjustment made on electricity generation charge and currency exchange rate adjustment (CERA), respectively.

The Central Bank earlier said it is aiming for a 9.5% inflation rate by yearend. This is below the 12% projection made by the Department of Finance and the 13% to 14% forecast of the National Economic and Development Authority. But many financial analysts are skeptical because they contend that the full wallop of the December coup attempt, the power outages and the dry spell has yet to be felt by the economy.

Compared with the inflation rates in June last year which had 9.7%, 8.7% and 9.9% for the Philippines, Metro Manila and Areas Outside Metro Manila (AOMM), respectively, inflation rates for June 1990 are higher by 2.5, 5.3 and 1.9 percentage points, in that order.

Over the same period, nationwide inflation rates for fuel, light and water reached 24.8%, price of services grew by 17.8%, housing repairs by 13.5% and food, beverages and tobacco by 10.5%.

Thailand

Indonesia's Suharto Arrives for Official Visit

BK0607111190 Bangkok Voice of Free Asia in Thai 1030 GMT 6 Jul 90

[Text] President Suharto of the Republic of Indonesia arrived in Thailand at about 1130 this morning for an official visit as guest of the Thai Government. He was welcomed at the Air Force Command's airport by Prime Minister General Chatchai Chunhawan.

After reviewing the guards of honor, the Indonesian president, accompanied by the Thai prime minister, went to the VIP room to meet the diplomatic corps and representatives of the Indonesian community in Thailand.

At 1630, the Indonesian president, accompanied by the Thai prime minister, had an audience with his majesty the king at Chitlada Palace. The Indonesian president will be guest at a dinner reception hosted by Prime Minister Chatchai at his residence at 1930 today.

Tomorrow at 0900, the Indonesian president will hold an official consultation with the Thai prime minister at Government House. He is scheduled to leave Thailand for Indonesia at [time and date indistinct].

Spokesman Denies Ban on Thai Media in Laos

BK0307135190 Bangkok Domestic Service in Thai 1200 GMT 3 Jul 90

[Text] Phonthep Techaphaibun, deputy government house spokesman, has denied the report that Laos has prohibited its people from listening to Thai music tapes and watching Thai movies. He said:

[Begin Phonthep recording] Regarding a report that the Lao Government has prohibited its people from playing Thai music tapes and showing Thai movies, the prime minister inquired about this matter during today's cabinet meeting. The deputy foreign minister informed the prime minister that the report is untrue. He said that Thai-Lao relations remain good. Sales of Thai tapes and showing of Thai movies continue as usual. Moreover, there have been several joint efforts, such as training of Lao dental and agricultural workers in Thailand. There are currently many Thai assistance projects to Laos. Therefore, the report is untrue. As opportunity permits, actions should be taken to strengthen friendship with Laos. More musical bands might be sent to perform in Laos. The recent performance by the band Carabao was very popular with the Lao people. [end recording]

Article on Thai-PRC Relations After 15 Years

BK0307020590 Bangkok THE NATION in English 3 Jul 90 p 8

[Article: "New Challenges in Sino-Thai Ties" by Kawi Chongkitthawon]

[Text] Thai-Chinese relations as they enter the 1990s have never been challenged by so many evolving factors, both internal and external. In the past two years, overriding factors have caused Thailand and China to begin losing control over the friendship they started 15 years ago when the two countries established full diplomatic ties.

The most prominent factor has been the Cambodian conflict. Up until the end of 1988, the two countries followed symbiotic policies on the issue. But lately, Cambodia's decade-long civil war has become a thorn in the side of Sino-Thai relations. Sad but true, Beijing's leaders cannot come to grips with Thailand's new approach toward bringing about peace in Cambodia.

The divergence in the policies of Thailand and China became highly apparent during the Tokyo peace talks early last month, mainly through Beijing's reluctance to support the Tokyo meeting. Fortunately, China's half-hearted backing of Thailand's initiatives toward peace have not stopped Thailand from garnering support from Western countries. It is highly likely that part of the progress made at the Tokyo meeting will be followed up in a meeting next week of the five permanent members of the UN Security Council and the four warring Cambodian factions.

Currently, efforts are underway to organize a meeting for the four Cambodian factions in Bangkok before they meet with the permanent Five. The inter-Cambodian meeting would aim at bringing the Khmer Rouge back into the peace process following its boycott of the Tokyo meeting and the peace agreement signed in Tokyo by Prince Norodom Sihanouk and Phnom Penh Prime Minister Hun Sen.

China's support for the Cambodian talks in Bangkok would be indispensable. Failure to do so would further upset Sino-Thai relations.

Aside from the Cambodian conflict, other issues that Thailand and China must reckon with are the Taiwan question, the drop in bilateral trade and the defence ties, the improvement in relations between Thailand and other Indochinese countries and the Soviet Union's increased interest in Thailand. Of all these factors, Thai leaders are becoming more and more occupied with the Taiwan issue even though they continue to down play it.

In a recent interview, Taiwan representative to Thailand Edmund Y. Liu, who also serves as chief of the Far East Trade Office, stressed that Thailand should improve incentives for Taiwanese investors. He said the attraction that Indonesia and the Philipines have for Taiwanese companies is growing because these countries are more responsive to Taiwan's business needs. What the Taiwan representative did not mention was that Indonesia has not yet restored full diplomatic relations with China or that the Philippines is desperate for foreign investment—and is very willing to accommodate Taiwanese investors.

Similarly, Jakarta will definitely try to attract Taiwan's money as much as possible before it restores full diplomatic ties with Beijing in November.

A senior Thai Foreign Ministry official said Thailand should be responsive to Taiwan's requests. He added that Beijing needs to be more realistic about Thailand's desire to strengthen relations with Taiwan.

As far as Thailand is concerned, Taiwan knows exactly where it is heading in the overall scheme of Sino-Thai relations. It has so far employed the carrot-and-stick strategy. The visit here in April by Taiwan's Economic Affairs Minister Dr Li-an Chen, the seniormost Taiwan official to visit Bangkok after Thailand broke off diplomatic relations with Taiwan in 1975, was the first indication that Taiwan was using its economic presence in Thailand to push for Bangkok's recognition of its government and for reciprocity on trade issues.

Taiwan has already asked Thailand to consider signing an agreement on trade and on the avoidance of double taxation. If the request is carried out, it would be tantamount to recognizing Taiwan as separate from mainland China.

Apparently Liu was smart enough to assure that Taiwan has no intention of using its economic might to press for further concessions from Thailand. But obviously Taiwan has something else in mind. Taiwan's parliament will very soon pass a bill that authorizes major Taiwanese companies to import Thai labour. When that happens, it could quickly turn into a testing ground for Sino-Thai relations. If China's tense reactions to a proposed visit by the Dalai Lama to Thailand were any indication, any overt embrace of Taiwan's offer that would lead to drastic policy changes favourable to Taiwan would attract strong protests from China.

In the past decade, Sino-Thai relations have been able to develop unchallenged by anything, not to mention other communist countries, particularly the Soviet Union.

But in the 1990s, the Soviet Union is going to compete against China for Thailand's favour. So far, Moscow is only beginning to appreciate the dynamism of the robust Thai economy. Last week, a senior Soviet Foreign Ministry official held talks with Thai officials and asked for an expansion of dialogue between the two countries. The Soviets are buying the Thai rice with a credit for the first time. If perestroyka succeeds in the Soviet Union or at least continues at its current speed, it will enable Thailand and the Soviet Union to develop closer ties. The reforms in the Soviet economic and political structure could present Thailand with an opportunity it should not turn down to open trade relations with that country.

At the time prospects for trade with China could diminish because of economic slowdown in China and the ripple effect of the Tiananmen Square massacre last year. The slump would inevitably affect trade ties. Thailand's current trade deficit with China amounts to Bt [Baht] 5.2 billion. China also has not fulfilled its commitment to buy Thai rice and maize. At the same time, China is also looking for new trading partners. Its trade with Burma and Indonesia has increased. And recently, Malaysia agreed to have its rice planted in southern China.

Meanwhile, the need for Sino-Thai defence cooperation is lessening simply because Thailand's eastern neighbours are no longer the security threat they once were. The prospect of a Cambodian peace settlement and Thailand's improvement in ties with Vietnam and Laos have taken away the raison d'etre for the exisiting security cooperation between Thailand and China. These factors could also explain why the plan to set up a stockpile of Chinese weapons in Thailand did not materialize.

To put it bluntly, for a decade, the defence cooperation has been used to camouflage Thailand's real fear of China's threat to its security. Thailand has in a sense been holding China hostage by using this perceived threat together with the Vietnamese troops' presence in Cambodia to bargain for cheap Chinese weapons and establish defence cooperation with China.

Relations between Thailand and China can stay robust if the two countries stop denying reality and pretending that things have not changed in the last two years.

Smuggled War Weapons Seized at Cambodian Border

BK0307100590 Bangkok NAEO NA in Thai 3 Jul 90 p 3

[Text] At 1130 on 2 July, Police Colonel Phinit Sisarangnukrom, police superintendent of Khukhan District, Sisaket Province, received an intelligence report that a group of Cambodian soldiers were going to smuggle war weapons for sale to weapons traders at the groves in Ban Nong Bualen, Ban Huai Chan, Ban Phudin Phatthana, and Ban Lamut in Bak Khlong District, Sisaket Province, bordering Cambodia.

A group of policemen led by Khun Han District chief police inspector, Police Lieutenant Colonel Sanit Phatthasi, and chief police inspector, Police Major Kritthong Thongthaem, went out to search for them and were able to seize a quantity of war weapons on the same day. Police recovered 55 AK magazines containing 41,230 bullets, and 33 RPG rockets. The arms were neatly packed in boxes, ready to be moved to the agreed spot of purchase. However, both the Cambodian soldiers who prepared to sell the weapons and the traders who wanted to buy them were able to escape arrest.

Meanwhile, the Police Department has successfully seized a large amount of smuggled war weapons in the past two weeks.

Expose Examines Crackdown on Weapons Trade

BK0107073590 Bangkok BANGKOK POST in English 1 Jul 90 p 2

["Expose" by BANGKOK POST reporters: "Why the Weapons War May Be Unwinnable"]

[Text] Famed crime fighter Col [Colonel] Seri Temiyawet is seeking public help as he takes up his new job as head of the police special task force against trafficking in weapons, narcotics, smuggling and influential people suspected of corruption. If his record is any guide, Col Seri can be expected to make many arrests. Overall, however, his special task force may have little impact, for instance, on the weapons trade operated by gun runners, military and police personnel in key provinces.

The Government's recent crackdown on weapons hinted at main culprits being influential businessmen or "godfathers." Border sources said, however, that more than 90 percent of weapons traded are destined for ethnic minority groups fighting the Burmese Government or for drug traffickers in the Golden Triangle. The trade has existed for years with an array of weapons obtained from the Thai-Cambodian border going to their destinations of Chiang Mai, Chiang Rai and points along the Thai-Burmese border.

A military intelligence officer whose job is to gather news about anti-Rangoon ethnic minorities said if gun-runners know how to "give" they will always elude the police dragnet. "Money can buy many things—friends or the hearts of the people, or even intelligence. This country also has unscrupulous officials who covert money," the officer said.

Gun-runners obtain weapons and munitions from various sources, but primarily from segments of the Cambodian resistance along the border.

The trade, according to ethnic rebel and military sources, has changed in the past 10 years. Originally, members of certain government units and military personnel dominated the business. Their key to success these days lies in teamwork between certain military and police personnel.

The intelligence officer said that more than 10 years ago the Internal Security Operations Command [ISOC] sent its men to buy weapons—being sold along the Thai-Cambodian border—to prevent arms from going to the Communist Party of Thailand (CTP). Some ISOC agents took advantage of the policy and sold the weapons to ethnic minority rebels in Burma. If these agents were intercepted with the weapons, they would claim that the arms had just been bought and were being transported back to their respective unit.

The officer said it was not uncommon for Government troops or border patrol police to exaggerate reports of a clash with communist insurgents so they could sell bullets or arms to the rebels. For instance if an armed clash lasted 20 minutes, Government units could report that the clash lasted 40 minutes and that a certain amount of ammunition and weapons were used or lost in the fight. The arms and ammunition could then be sold without any official way of verifying its use or loss, sources said.

A former Army general noted, however, that it is more difficult these days for any individual to be involved in gun-running, adding that any group that doesn't pay "bribes" will be arrested. The policy of rewarding Government units up to 60 per cent of the value of the weapons encourages arrests. The confiscated weapons are distributed later to Government units, mainly to rangers and border patrol police, he said. If is also the Government's policy to crack down on gun-running whether or not it is sold to the Karen, Mon, or Shan or to opium warlord Khun Sa.

Despite the crackdown, Mon rebel leader Nai Aung said more than 98 per cent of all weapons intercepted are destined for anti-Rangoon ethnic groups. The rest are sold to so-called local "godfathers."

Nai Aung, in charge of procuring weapons and other logistics for the Mon, operating inside Burma opposite Thailand's Kanchanaburi Province, said the rebels and other groups pay for weapons only on delivery unlike in the past when they paid for the weapons in advance.

Nai Aung said huge profits are the main incentive for gun-runners to take risks. He claims profits can range from 150 to 1,000 per cent depending on the investment.

The number of runners escaping the police dragnet is far greater than those arrested.

A Karen rebel leader said prices depend on where the weapons are obtained along the Thai-Cambodian border. An M-16 assault rifle, say from Surin or Prachin Buri, could cost 800 to 1,800 baht depending on condition. The price could rise to between 5,000 to 8,000 baht, say, at Prachuap Khiri Khan, Tak or Mae Hong Son provinces further north.

The Karen leader said an M-16 cartridge could cost 1.50 to 2 baht at delivery while the cost at the Thai-Cambodian border could be as low as 40 stang each. Prices for AK-47s and bullets are similar to those for M-16s, the rebel leader said.

The average price of an M-79 grenade-launcher sold to ethnic anti-Rangoon rebels is about 10,000 baht each while each shell is sold for about 80 to 100 baht. The original price of the launcher at the Thai-Cambodian border is between 2,000 and 2,500 baht, while a shell costs 20 to 40 baht.

Chinese-made rocket-propelled grenade-launchers vary in price depending on the model. A set of powerful Number 7 RPGs could cost 9,000 to 10,000 baht (700 baht per shell) while RPG Number 2 and 5 could cost 7,000 to 8,000 baht (500) to 650 baht per shell) if delivered to the rebels.

"There is no fixed price for the weapons. But one thing is certain—the profits are high otherwise they would not risk their lives in the trade," the rebel leader said.

The anti-Rangoon rebels said gun-running routes vary depending on where the weapons are obtained. If the weapons are bought from Cambodia opposite Ubon Ratchathani, Sisaket, Surin and Buri Ram provinces, they will be stored temporarily in Nakhon Ratchasima Province then sent to the Karen, Mon and Khun Sa. If the weapons are obtained from Aranyaprathet and Ta Phraya districts of Prachin Buri Province, Trat or Chanthaburi they may be transported to Chon Buri or Bangkok before being set to their final destinations. If the consignment is large, it could be sent by boat to Prachuap Khiri Khan Province and is usually sold to the Karen 10th battalion based opposite Sai Yok District of Kanchanaburi Province.

Bangkok is also a main depot for weapons destined finally for Mon rebels opposite Sangkhla Buri district of Kanchanaburi Province or Tak Province in the northwest.

Rebel sources said 10 wheeled trucks may be used if the shipment is large, adding that border patrol police may even escort a shipment if it is small.

Another source of weapons is Laos, the sources said, adding that Loei, Nan and Phayao provinces are main collection points. The sources said these weapons are comparatively small in number and much older than those obtained from the Thai-Cambodian border. The main suppliers of the weapons are resistance fighters who will first sell their weapons to villagers or local traders at the border. The villagers will keep the weapons until they are approached by border patrol police or even Army rangers who collect the weapons and take them to town where the consignment is accumulated before being transported to major depots.

One Shan rebel, Khun Jai Sua said armed ethnic minorities do not always pay for the weapons in cash, except perhaps if the consignment is very small. If it is a major deal then a barter agreement is struck and the weapons are paid for in the form of logs, precious stones or even narcotics.

Khun Jai Sua said it is not easy to suppress the weapons trade, especially when demand is high, because the weapons are easily available at the Thai-Cambodian border. If ordinary gun-runners are reluctant to become involved because of the current crackdown, then influential people are prepared to take the risk. "gun-runners may stop their smuggling for a while during the crackdown, but will continue the trade once it eases simply because it is a profitable business," he said.

Chatchai 'Main Target' of Jul Censure Debate

BK0507030990 Bangkok BANGKOK POST in English 5 Jul 90 p 7

[Excerpts] Prime Minister Chatchai Chunhawan will be the main target of the Opposition's censure debate scheduled for July 18-19, key figures of the main opposition Solidarity Party said last night.

Solidarity leaders said Gen [General] Chatchai was expected to come under attack because he played a major role in many issues which had damaged the administration.

The party met last night to work out the division of labour among party MPs [members of parliament] for the censure debate. Solidarity is scheduled to meet other opposition parties today to discuss the debate.

Party spokesman Athit Urairat told reporters that the Government would be grilled over four broad areas, namely for not following announced policy, that its work had caused damage to the country, that there was a lack of coordination in the administration and corruption among ministers and government officials.

Although the entire Cabinet would be grilled, the main target would be Gen Chatchai himself, Dr Athit said. [passage omitted]

The Solidarity MPs were critical of the Government's decision to allow only two days for the censure debate. They said the 31 hours of debate would include 10 hours of rebuttal by government ministers.

Dr Athit said the Government was likely to use the delaying tactic of speaking on issues not raised by the Opposition.

Sisaket MP Piyanat Watcharaphon said that by limiting the debate to two days the Government was showing it was narrow-minded. "It is like having a democratic mouth but a dictatorial heart," he said.

The Solidarity leaders assured that the Opposition would debate to the fullest, and dismissed claims that money was being spread around among opposition MPs to blunt the attack.

"Come rain, thunder or earthquake, the only way to prevent the censure debate from occurring is for the Prime Minister to resign," he said.

Asked to comment on House Speaker Pancha Kesonthong's statement that he would not allow the debate to touch on personal matters, Mr Piyanat said the Speaker himself ought to be a subject of the censure debate. He said the Opposition would act responsibly in its debate against the entire Cabinet.

Chatchai, Press' 'Honeymoon' 'Apparently Over'

BK0607025590 Bangkok THE NATION in English 6 Jul 90 pp 1, 2

[Text] Prime Minister Chatchai Chunhawan's "honeymoon" with the press is apparently over.

The premier took most journalists by surprise on Tuesday [3 July] when he accused newspapers of publishing "false stories and rumours which have created confusion to the public"—one day before the House was to vote on the new controversial press bill submitted by the government.

Journalists yesterday hit back at the premier, charging that he had made the press a "scapegoat" for his political troubles.

The country's top journalists, led by doyen M.R. Khukrit Pramot, yesterday warned that Chatchai, by making such accusations, had made most, if not all, members of the press his enemies.

The soured relations obviously took a turn for the worse when the premier instructed the Interior Ministry to order the Police Department to "take legal action" against newspapers publishing "government secrets."

The Police Department reported yesterday that the premier's order had just arrived. Under the new directive, government agencies whose "secrets" were published in the press must file criminal complaints against the newspapers. Agencies which fail to initiate such action will be held responsible for the alleged "leaks."

Former Prime Minister M.R. Khukrit wrote in his Soi Suanphlu column in Siam Rat daily yesterday that Thai journalists have become disillusioned with the prime minister. "The fact that the prime minister has displayed his anger and frustrations (over the alleged news leaks) did not help matters. At least, it has earned him enemies among the press. "From now on, newspaper reporters who have entertained hopes that he will abrogate Decree 42 and ease other restrictions will lose their trust in him... and when they lose hope, the press will become his enemy," the country's foremost journalist wrote.

Several major newspapers, including Thai Rat and Daily News, also published opinions saying that Chatchai was making the press the scapegoat of his problems.

Thai Rat's page-one columnist Hua Khieo said the government itself—not the press—was in fact the source of all the confusing reports. He cited one of the numerous examples of puzzling reports—the reports that emerged the day Gen [General] Chawalit Yonchaiyut resigned as deputy premier and defence minister.

In the morning, the premier said he wouldn't let the general quit. In the afternoon, the premier said he hadn't seen Chawalit's resignation letter. "In the evening, the prime minister said Gen Chawalit had already resigned.

"Another example: The premier said one day that Gen Chawalit had decided to join the Chat Thai Party and that he had already submitted his application to the party. But Gen Chawalit subsequently denied the report outright," the Thai journalist noted.

Daily News' columnist Trisun led off his report yesterday by saying that when a government gets uptight about the press, it usually means the government is in trouble. "The prime minister has recently turned rather hostile against the press," he noted.

Several other newspapers, which have so far taken a sympathetic stand toward the prime minister, have adopted an adversarial tone of late. Some of them have openly charged that the prime minister has been "insincere" in his repeated pledges to abrogate the anti-press Decree 42.

Chatchai Urged To Clear Air of 'Uncertainty'

BK0307010190 Bangkok BANGKOK POST in English 3 Jul 90 p 4

[Editorial: "Clearing the Air of Uncertainty"]

[Text] Thailand's political atmosphere in the past few weeks has been muddled by a series of reported conflicts between Prime Minister Chatchai Chunhawan and former military chief Gen [General] Chawalit Yongchaiyut. After his resignation from the dual Cabinet posts of deputy prime minister and defence minister, Gen Chawalit was initially offered but turned down the job of security-affairs adviser to the government, ostensibly on grounds that it was inferior to his previous ministerial posts. The general later also denied a report espoused by the Chat Thai Party leadership that he had agreed to join the party as deputy party leader.

There seems to be a great deal of posturing on both sides in the two episodes. It is apparent that the prime minister had wanted to attract Gen Chawalit back to the side of the government or his own party in the hope of winning (continued) support from factions in the armed forces leadership that are still loyal to their former boss.

But by acting prematurely in the case of Gen Chawalit's advisory-post appointment or declaring his imminent entry to the Chat Thai Party—only to be turned down later by the former military chief—the prime minister did nothing to enrich his own credibility. If anything, it came across as an over-zealous attempt on the government's part at wooing military backing.

The ensuing confusion and uncertainty also do not augur well for the economic and political climate. One favourite question on the lips of most foreign investors these days is what sort of political changes can be expected and whether the changes will produce any negative repercussions on Thailand's otherwise thriving economy. The question seems to be made all the more relevant in view of the forthcoming censure debate in parliament, now scheduled for July 18-19.

It is the duty of the prime minister to clear up the current atmosphere of uncertainty and the sooner he does this the better. Gen Chatchai's attempt to keep Gen Chawalit within the government fold is perhaps understandable. But after the two futile attempts at making Gen Chawalit his adviser and part of his Chat Thai Party, the prime minister should now realise that his differences with the former army boss might have reached a point of no return.

So instead of continuing to extend the olive branch to Gen Chawalit, the prime minister might do better to focus his attention on other more serious state affairs. His administration, after all, is a legitimately-installed government with the people's mandate. He should therefore muster the confidence and independence to administer the statecraft even without the presence in his government of military personalities like Gen Chawalit. As former prime minister M.R. Khukrit Pramot rightly put it, whatever political changes there are should take place within the due parliamentary process.

In the meantime, Gen Chawalit would also do the country a service by playing strictly to the rules of the political game, and by convincing his followers in the armed forces to do the same. Army Chief Gen Suchinda Khraprayun's professed stance to steer the army clear from politics is reassuring. The sort of posturing by certain other senior military officers in their apparent effort to demonstrate their loyalty to Gen Chawalit was not in the best of public interests and therefore should stop.

There is little dispute that a man of Gen Chawalit's experience and stature is in a position to contribute to the progress of the country. Whether he chooses to do so from a vantagepoint outside government circles—or from the mainstream parliamentary politics in the future—is something the general has to decide himself.

Chatchai's 'No Problem' Approach Discussed

BK0307011590 Bangkok BANGKOK POST in English 3 Jul 90 p 4

["Afterthought" Column by Likhit Thirawekhin: "The Problem with 'No Problem'"]

[Text] General Chatchai Chunhawan has been known for being an easy-going and somewhat carefree person. His famous and most-quoted statement "No Problem" has become a political cliche. Nevertheless, what has happened in his almost two years as prime minister has proven otherwise. The premier has experienced numerous problems, especially at this particular moment when a no-confidence debate is being launched by the opposition parties. Indeed, when General Chatchai says "no problem" it reflects a real problem in his way of thinking.

To run a government, administer a bureaucracy and govern the realm means going in to rectify whatever shortcomings there are in society and try to improve it. This has to start with problems otherwise the raison d'etre of a government is nil. Starting from this simple, self-assuring assumption of "no problem," things are then viewed in a simplistic perspective. This simple-mindedness can have far-reaching dangerous implications.

The affairs of the state are serious matters and they need to be seriously scrutinised and carefully handled. The significance of such matters as rising land prices, the loss of land of the once-independent farmers, the widening gap between the rich and poor, the long-term economic and social problems resulting from the existing policies, cronyism and economic enclave, rampant corruption, etc. cannot be overlooked. If anything, the country may eventually plunge into a state of decay if nothing is done to prevent it.

Under a system of coalition government in which compromise is the order of the day, the premier willy nilly has to balance the various demands. But by succumbing to demands and irregularities, the polity is gradually losing its legitimacy. The sentence "We come to office through elections" has now been ridiculed as a senseless and meaningless utterance by political office holders today. Heaven forbid! The practice of vote-buying is well known and openly admitted by many members of the House of Representatives.

To claim legitimacy by election is the highest degree of hypocrisy. Everyone has found himself his own prisoner. Bluffing one's way out by publicising the secret of one's adversary has now become the most effective tool in obtaining one's political objective. This is the reason why things have deviated from the normal pattern. It will be remembered that once during a protest by workers of the Electricity Generating Authority of Thailand one minister threatened to "reveal everything" and that effectively changed the situation to his liking.

Under this situation, it is indeed extremely difficult for General Chatchai to be his own man. One may even venture to say that the premier is at present a coordinator of a football team which plays the game badly but continues to cling to one another as a team because of the need to stay together. If this is a situation of "no problem," then one has to redefine the term "problem."

The most recent case is the bickering between former deputy prime minister and defence minister General Chawalit Yongchaiyut and PM's [prime minister's] Office Minister Chaloem Yubamrung. Instead of coming out to settle the conflict, the premier just made a flat statement, in effect, that the conflict was a personal affair between the two Cabinet members; they had to sort things out themselves. In Thai terms, General Chatchai could be likened to an abbot who upon hearing a fight between a novice and a monk, turns away from the scene and makes a similar statement.

This reflects two things. Either the premier wanted to stay aloof because of his strong consideration for Minister Chaloem or he might have wanted to capitalise politically on the issue. Whatever the case, it reflects a crisis of leadership and in no way represents a "no problem" situation.

Considering the serious problems affecting the political system at the moment, there are three problems which the premier should heed.

First, despite an economic boom and business dynamism, the long-term problems are there. But amidst such a boom there is a feeling that only a small group of people benefits from this business gratuity. The business enclave in which only a small number of people who rally around the power centre can draw on their fortunes has bred resentment with a tint of jealously. This problem coupled with the perception that corruption is rampant in big projects have led to the contemptuous attitude of many who view the existing regime as that of greedy plutocrats. Office holders no longer receive the kind of deference they once enjoyed. Political cynicism thus ensues. All these have resulted in the loss of faith in the existing regime.

Closely related to the above is the loss of faith in the election system. The fact that the system cannot filter the bad elements from the good ones has weakened the legitimacy it enjoyed when General Chatchai became the first elected premier. What can be observed is the silence of academicians. Progressive-minded professors who used to attack the Thai military and civilian bureaucracy and advocated a democratic form of government have now felt betrayed by what they have observed over the past two years. Many were disappointed by the existing political situation but they could not go back to support any form of dictatorial regime. As a result, they have withdrawn and have been in the process of soul-searching. This is certainly not a healthy situation.

Third, the conflict between the Government and the military, most notably the Army, is not a healthy and desirable situation. The Army is still a force to be reckoned with. Thanks to the constraint and the growing and complex economy, untoward incidents have been nipped in the bud. However, what is of grave concern, and historians can readily testify to this, is the possibility of a "political accident." In the past, what turned into a big event started off as a small incident which got out of hand and became a force majeure.

One should not play with fire, especially when national interests and public well-being are at stake. One would have expected more political shrewdness. Gen Chatchai's political manoeuvre in appointing Gen Chawalit as his adviser and the news about his being accepted as a deputy party leader of the Chat Thai Party can be seen as both inept and politically in poor taste. It only fanned more resentment among the military.

Gen Chatchai has a charming personality. If anything, he has made history by running in an election, something which his predecessor, Gen Prem Tinsulanon, never did. He thus became the first premier who is an elected MP in our so-called "halfway democracy." He has earned a place in Thai political history. Given his good family background and an impressive professional and personal records, one would expect him to write the final chapter of his biography with personal sacrifice, courage, and a statesmanlike mission of steering the democratic statecraft onto a sustainable linear trajectory.

It is about time he overcame the self-entrapped "no problem" syndrome and started to right the wrongs of the system and his colleagues in the power echelon. He can either pursue this noble course or take another unpleasant step. The choice is entirely his.

Atthaya Resigns as Bangchak Petroleum Chairman

BK0607041990 Bangkok BANGKOK POST in English 6 Jul 90 pp 17, 26

[Excerpt] Gen [General] Atthaya Phaophanchon, placed in a dilemma by the dispute between the Petroleum Authority of Thailand (PTT) and Bangchak Petroleum Co (BCP), both of which he chairs, has resigned as BCP chairman.

Officials yesterday confirmed his resignation from the post which he assumed only on March 18, succeeding Kasem Chatikawanit. Gen Atthaya asked that his resignation takes effect from the end of last month.

BCP board member Sqn Ldr [Squadron Leader] Kamthon Sinthuwanon, also a Privy Councillor, has been nominated to replace Gen Atthaya who is currently director of the National Intelligence Agency.

The state-owned oil refinery company will call an extraordinary shareholders' meeting next week to approve the change.

Gen Atthaya, who will retain his more powerful post as PTT chairman, is understood to have decided to leave BCP because of his failure to mediate the worsening row between BCP and PTT. The dispute was sparked by BCP's move to sell directly to oil retailers in a manner seen to compete with PTT.

While Gen Atthaya could not be reached for comment, an official said the general would have felt ashamed of the continued war of words, publicly and privately, between PTT and BCP, despite his instructions to stop the row which had gone unheeded. [passage omitted]

Vietnam

Trang Quang Co Discusses Relations With PRC

OW0507023590 Hanoi International Service in Mandarin 1200 GMT 30 Jun 90

[Text] Vietnam's Vice Foreign Minister Trang Quang Co granted an interview to the VIETNAM NEWS AGENCY [VNA] on Sino-Vietnamese relations recently. The following is the text of the interview.

[VNA] Public opinion hopes that the talks between Vietnam and China will produce good results. However, the outcome is disappointing. Please comment on why the exchange of views between Vietnam and China this time made no progress.

[Trang Quang Co] We gave full expression to our sincerity by showing our respect all along for the other country and endeavored to narrow the gap between the two countries in their views on the major problems concerning measures for a solution to the Cambodian issue during the talks. This was out of our hope for normalizing Sino-Vietnamese relations at an early date so that all-encompassing political measures may be taken to put an end to the Cambodian issue. The reason why the talks this time made no progress is, of course, that insurmountable difficulties still exist between Vietnam and China. However, this does not mean that identical views do not exist between the two sides on the most basic issues.

I would like to, first of all, dwell on the identical views, namely, the need for the Cambodian issue to be solved through all-encompassing political measures, including the issue of complete withdrawal of Vietnamese troops from Cambodia under international supervision and verification, of effecting a cease-fire and stopping arms supplies to all factions in Cambodia, of holding a free, fair, and democratic general election under international supervision, of having a future Cambodia which is peaceful, independent, neutral, and nonaligned, and on friendly terms with all its neighboring countries and, in particular, with the near neighbors of Vietnam, China, Laos, and Thailand, and so forth.

The insurmountable difficulties still existing between Vietnam and China relate mainly to their existing differences over the various issues belonging to the internal affairs of Cambodia. Therefore, Vietnam must work together with China to reach agreement on the issues belonging purely to the internal affairs of the people of Cambodia, such as the specific functions and power of the supreme national council and various measures for handling the Armed Forces of all the factions in Cambodia after cease-fire. We do not refute China's different views on the various internal affairs of Cambodia. However, Vietnam does not have the right to declare its stand by saying yes or no on behalf of all the factions in Cambodia, because that belongs purely to the issue of Cambodia's sovereignty. We have clearly expressed to China that, if all the factions in Cambodia accept China's views, Vietnam is prepared at all times, together with China and all other countries, to respect the wishes of the Cambodian people.

[VNA] Xu Dunxin, head of the Chinese delegation, said that Vietnam maintains an uncompromising stand on two major existing issues and still requires exclusion of the Khmer Rouge from the supreme national council. What are the facts?

[Trang Quang Co] It is not so at all. Vietnam welcomes the results of the Tokyo talks which the XINHUA NEWS AGENCY disregarded as an important step toward bringing about measures for political settlement of the Cambodian issue. Concerning the issue of the supreme national council, we have confirmed to the Chinese side that Vietnam respects the agreement reached between all the factions of Cambodia in Tokyo on the composition of the supreme national council and completely endorses the principles of not excluding any Cambodian faction and not letting any faction arrogate all powers of the supreme national council.

We have already proposed that the Chinese side try to persuade the Pol Pot faction to participate in talks for reaching an agreement on a cease-fire and establishment of the supreme national council in Cambodia. Regrettably, the Chinese side has failed to respond to this. Instead, it has blamed Vietnam for signing a joint communique by Chairman Hun Sen and Samdech Norodom Sihanouk in Tokyo, maintaining that it means exclusion of one Cambodian faction, while, in fact, as everyone knows, Chairman Hun Sen already called on the Khmer Rouge to participate in the supreme national council and cease-fire (?talks) before signing the joint communique. However, it is the Khmer Rouge who [words indistinct] and withdrew from various formal ceremonies in Tokyo.

The Chinese side required that the supreme national council be the supreme organ of power in Cambodia during its transitional period; must have the power for legislation and law-enforcement; and must take direct control of at least five important ministries, namely, the Ministry of National Defense, the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Telecommunications, and the Ministry of Finance. Furthermore, the Chinese side required that the remaining other ministries and technical departments still be placed under the direct guidance of the supreme national council. It required that the two political powers run parallel administration without being mutually exclusive.

Vietnam maintains that these are Cambodia's specific internal arrangements. We maintain that Chairman Hun Sen refuted the establishment of a quadripartite coalition government in the past. Now Chairman Hun Sen and Samdech Norodom Sihanouk have already agreed through consultation on establishing the 12-member supreme national council with the 12 members being equally shared by the two existing regimes in Cambodia. Therefore, the supreme national council is not a quadripartite coalition government. However, China still requires that the supreme national council has powers similar to those of a quadripartite coalition government. Vietnam maintains that the supreme national council has the duty and rights in respect of national reconciliation and organization of [words indistinct] while it implements the various agreements on the Cambodian issue. Vietnam maintains that the two existing regimes must not do anything to interfere with the above-mentioned duty and rights of the supreme national council. As for whether the various factions in Cambodia accept China's views, it is their right. Our position is to respect Cambodia's sovereignty and right of self-determination. Vietnam and China cannot make arrangements for the internal affairs of Cambodia on behalf of all its factions.

[VNA] Would you explain the stands of Vietnam and China on the issue of armed forces of various factions in Cambodia and differences between the two sides?

[Trang Quang Co] In regard to the question of armed forces of various factions in Cambodia, the Chinese side demanded that armed forces of various factions in Cambodia assemble in localities designated by the United Nations and reduce the forces to a minimum level. Vietnam has announced that it respects the agreement reached by various factions of Cambodia in Tokyo, namely all armed forces should remain in their own localities. Vietnam's principles on the question of armed forces of various factions in Cambodia are that the civil war should be stopped as quickly as possible, a cease-fire should be realized, and various armed forces should not interfere with political life and the general election in order to insure a truly free and fair general election. As to the specific measures to realize the above-mentioned principles, they should be decided by various sides through negotiation. Vietnam calls on China and other related countries to respect the decision of various sides of Cambodia.

[VNA] The Chinese side said that Vietnam would not let the United Nations play its role. Would you talk about Vietnam's stand on the role of the United Nations in solving the Cambodia issue?

[Trang Quang Co] Vietnam is convinced that the United Nations should, on the basis of respecting the sovereignty of Cambodia, give full play to its important role. That is, the United Nations can examine and confirm the total withdrawal of troops by Vietnam and inspect and supervise the implementation of various measures for the total solution to the Cambodia issue. For instance, the United Nations can play its role in stopping foreign intervention and military aid in Cambodia and, in particular, supervising the general election to insure its free, just, and democratic nature. If various factions of Cambodia through negotiation decide to entrust the matter of (?sovereignty) to the United Nations, Vietnam is ready at any time to cooperate with other countries and respect their decision.

[VNA] During the current unofficial meeting, did the two sides touch on the question of normalization of relations between the two countries? What is the outlook?

[Trang Quang Co] Despite the fact that, during the three-day exchange of opinions between the two sides, the greater time was spent on the Cambodia issue, the two sides also touched on this question. The Chinese side reiterated that the question of normalizing relations with Vietnam could not be solved before the solution of the Cambodia issue. Only when the Cambodia issue has been solved can the Chinese side proceed with the course of normalizing relations with Vietnam. This is a (?harmonious) viewpoint and the policy of the Chinese Government and the Bush administration of the United States. Although there are difficulties in existence, the Vietnamese Government and the Vietnamese people, as always, advocate the normalization of relations with China and attach importance to the fundamental and long-range interests of both countries. The normalization of relations between the two countries is also to promote peace and sustained stability in Southeast Asia and the whole of Asia. Although the two sides did not reach an agreement on the (?timetable), both hoped to continue the exchange of opinions. This is in accord with the wishes of the people of the two countries and world public opinion.

[VNA] What is your view on the transitional period in Cambodia?

[Trang Quang Co] It is necessary to make arrangements for a truly free, just, and democratic general election under strict, international supervision. The general elections in Namibia and Nicaragua have shown us that, despite the existence of politial powers there, a truly free, just, and democratic general election can be arranged. In Namibia and Nicaragua, no time was wasted in arguing various issues during the transitional period. In order to solve the problem, it is necessary to reach an agreement on insuring a truly free, just, and democratic general election under effective international supervision. We must not evade the matter with the questions of the distribution of power in the supreme national council and of the armed forces. If various sides in Cambodia cannot reach an agreement to solve the internal affairs of Cambodia, then it may be possible to let outside forces replace them in solving various problems. Under such circumstances, we must make arrangements to insure that the internal disputes in Cambodia do not turn out to be an international issue or bring harm to any country. Foreign countries should stop their intervention and must not support a particular side. If international society can neutralize the situation in Cambodia, the various sides in Cambodia should find ways and means to solve internal differences as quickly as possible.

[VNA] Xu Dunxin said that Vietnam lacked sincerity. What is your view on his remarks?

[Trang Quang Co] The Vietnamese side clearly stated that the unilateral withdrawal of troops is an earnest action. This unilateral withdrawal of troops is a major step in solving the Cambodia issue. It may well be asked which of the countries having direct concerns with Cambodia has unilaterally stopped interfering in the affairs of Cambodia. Public opinion shows that the main obstacle to the political solution of the Cambodia issue is that China still clings to the Pol Pot clique. As for the Chinese assertion that Vietnam did not want to solve the internal issue of Cambodia, it is their lack of sincerity. We firmly adhere to the principle of noninterference in the internal affairs of Cambodia.

[VNA] China has agreed to the formation of the 12-member supreme national council. [Words indistinct] China again demanded that it be formed by the four sides. Why does China adhere to a strong stand on the matter of the supreme national council and the question of armed forces?

[Trang Quang Co] China maintains a strong stand on including the four sides in the supreme national council and on the question of armed forces because [words indistinct] China does not agree with the joint communique issued in Tokyo. It also does not wish to unilaterally oppose the joint communique.

Do Muoi Discusses Socioeconomic Development

Installment One

BK0207145590 Hanoi Domestic Service in Vietnamese 1430 GMT 28 Jun 90

["First installment" of apparent "text" of speech by Do Muoi, chairman of the Council of Ministers, at 28 June sitting of the seventh session of the National Assembly, eighth legislature—read by announcer]

[Text] Dear comrade National Assembly deputies: As assigned by the Council of Ministers, the comrade head of the State Planning Commission has briefed the National Assembly on the implementation of its resolution on the nation's socioeconomic development in the first six months of 1990. The comrade ministers in charge of other sectors and areas of operations have also reported or elaborated on issues of concern to the National Assembly.

I would like to add a number of views to help the National Assembly better evaluate the situation and make decisions, thus creating conditions for the Council of Ministers to more efficiently oversee work implementation.

Generally speaking, over the past six months, against a backdrop of very complex world developments adversely affecting the situation in our country and despite a multitude of old and new difficulties, under the party's correct leadership and by developing their tradition of solidarity and exerting efforts in implementing all party and state policies, our people of all strata have been able to firmly maintain political and social stability and national security and defense. They have accelerated the process of renovation in all fields and continued to consolidate and develop the positive and important changes effected in the socioeconomic situation in 1989.

Agricultural production has continued to supply enough grain and processed foodstuffs to the domestic market and has exported an amount of food products equal to half of what was exported in all of 1989. Industry has maintained its efforts toward rational restructuring in order to improve quality and efficiency. Most centrally run industrial state enterprises have been able to survive the test of the new mechanism. Some of them have even made fairly good progress, thus creating an important condition for economic recovery and economic development in general. Export turnover has increased rapidly. Foreign investment has been maintained. As far as goods are concerned, generally speaking, no major changes have been recorded in supply and demand. Money and prices have remained relatively stable throughout the country. The average monthly price increase was 2.7 percent, marginally lower in comparison with that of 1989, which stood at 2.8 percent.

However, the situation has developed slowly and is still full of difficulties and contradictions. Grain production has remained unstable. The grain output can hardly meet the yearly plan. The planting of industrial crops has decreased. Land disputes have continued to occur in many rural areas. The production of the state-run industry, local industry, and small industry and handicrafts has remained stagnant or has been on the decline. The import of materials needed to produce finished goods cannot meet requirements. In the meantime, many kinds of nonessential or locally available goods have been imported from foreign countries and dumped onto the market to compete intensely with local goods. Poor control over the balance of supply and demand has given rise to an unexpected increase in the prices of rice, cement, sugar, and chemical fertilizer.

Due to a continued budget deficit, the state has been unable to meet necessary expenditures. A huge budget overdraft has continued to exist. There are not many improvements in employment; in commerce; and in cultural, educational, and public healthcare services. Corruption has not yet been effectively eradicated.

Social justice has continued to be violated. The enforcement of law and discipline has not yet been strict. The state management mechanism has continued to yield low results.

Actually, the main causes leading to the above-mentioned situation can be traced back to a number of issues. To be more accurate, the socioeconomic contradictions facing our country at present call for greater efforts to correctly analyze and tackle the following problems in order to further stabilize the situation and create momentum for more vigorous development in the days ahead.

The following issues need our special attention:

First, regarding efforts to curb inflation and to resolve stagnation in production and business: Over the past six months, applying lessons drawn from realities in 1989, we have effectively curbed and rolled back acute inflation—the main cause of socioeconomic instability experienced in previous years. The price increase in social markets was 2.9 percent in January, 3.8 percent in February, 1.9 percent in March, 2.5 percent in April, and 2.6 percent in May, or an average increase of 2.7 percent in five months. Though we have not achieved the target set forth early this year, on the average, the price increase was only 50 percent of the rate experienced in 1989, or one-eighth of the rate of increase in the first half of 1988.

This indicates our ability to improve the poor national economy, to stabilize the people's daily life, and to restore their confidence in the government. Initial achievements in curbing our inflation rate have been highly appraised by a wide segment of world public opinion. However, reality and theoretical analyses show that in applying a multicomponent commodity-based economy, in combining planning with marketing, and in accepting competition, many countries have experienced a high rate of economic growth which normally leads to inflation. When inflation is being curbed, temporary stagnation in production and business can be expected; when an effort is being made to slow down economic growth, an unemployment problem will emerge.

In our country, inflation was not caused by the high rate of economic growth, but instead was due to many factors. Among them were the consequences of the war and the prolonged bureaucratic and state subsidies management system. Moreover, in managing our economy, we have not applied objective economic laws, thus resulting in adverse effects on market relations, bringing poor results in production and business, and prolonging losses in trading. As a result, to curb inflation is in essence to directly oppose the bureaucratic and state subsidies management system.

Our efforts to renovate the economic management mechanism on the basis of adhering to objective economic laws and correctly applying these laws to our socioeconomic life have helped us to obtain positive, important results as shown by our achievements in 1989 and during the first half of 1990. However, while obtaining results in curbing inflation and in implementing the new management mechanism, we have also experienced stagnation in industrial, small industrial, and handicraft production. This is because many production and business establishments have not been able to catch up with the new mechanism under which they have to shift to business accounting and refrain from receiving subsidies through the finance and credit system and through prices, materials, wages, and other allowances. They also have to strive to improve their industry, enhance the quality of their products to meet consumer taste, and reduce production costs in order to compete with other goods.

Efforts to restore and reorganize production to make it more effective are being made quite slowly and with difficulties. To date, only some industrial establishments, mostly state-operated ones at the central level, have satisfactorily improved their work. On the average, state-run industrial production output at the central level increased by 13 percent over the corresponding period last year, while those in localities decreased by 5.3 percent; small industrial and handicraft production was down by 7.9 percent. Many establishments had to shut down, and tens of thousands of workers were laid off. This situation is still common even though the state has taken positive measures to exempt revenue collection in some areas, provide more credits, reduce the rate of interest, and extend the period for loan and debt collection. In addition, the state has provided capital amounting to 300 billion dong at a monthly interest rate of .08 percent to be used for in-depth investment in industry, installing new equipment, rearranging surplus labor at state-run economic establishments, and so forth.

Although these solutions were necessary, they embraced some subsidy-related factors. They have also created favorable conditions for or given rise to negative phenomena. While failing to satisfy the demands of many sectors, localities, and establishements, these solutions have aggravated the already difficult financial, credit, and monetary situation of the country. This situation, if allowed to drag on, could lead to the restoration of the subsidy-based mechanism of management and an increase in the rate of inflation.

We must not consider the struggle against inflation as the last objective and must not go after the rate of production growth in a simple and perfunctory manner. We have experienced a production growth that is not based on rational changes in terms of structure, techniques, and management. Thus we have failed to ensure practical results in production and business activities. This is developed growth [taang truowngr] or a growth that gives rise to inflation and is brought up by inflation.

We must strive for a developed growth [taang truowngr cos phats trieenr]—an actual growth that has been promoted on the basis of rearranging the economic structure in a more rational manner, renovating technique and the management mechanism, and increasing production and business efficiency. To achieve this, we must continue controlling and beating off inflation, renovating the management mechanism, applying the accounting and business system, and creating an environment and conditions for a positive change in production and business activities along the line of quality and efficiency.

The annual rate of inflation in our country at present, which now stands at two digits, remains serious and still does not allow us to carry out normal economic activities. Striving to gradually reduce the rate of inflation is an objective necessity. However, by reducing the rate of inflation too fast with the use of certain measures, we will face even more serious consequences such as stagnation in production, lack of employment, and difficulties in daily life.

It is the policy of the Council of Ministers to carefully consider and competently deal with various issues concerning economic, financial, monetary, and credit activities, ensuring that the average rate of price increase during the last six months of the year is, at least, not higher than that during the first six months. Meanwhile, it is necessary to further accelerate the process of restoring and developing production by actively tapping all sources of revenue and paring down nonessential expenditures. Efforts must also be made to bring together all the financial and credit capabilities of the state and develop all the potentials of various establishments and the people, both at home and abroad, to step up production and business activities with good results.

We must resolutely effect a change in the forms of ownership while dissolving or declaring bankruptcy establishments that have sustained prolonged losses and are no longer capable of doing business. At the same time, we must create favorable conditions for laborers in these establishments to seek new jobs in order to quickly stabilize their lives and to prevent any embarassing social consequence.

Assembly Resolution on Administrative Boundaries

BK0607140690 Hanoi Domestic Service in Vietnamese 1430 GMT 5 Jul 90

["Resolution on administrative boundaries of provinces, cities, and special zones directly subordinate to the central government" passed on 30 June by the seventh session of the Eighth National Assembly]

[Text] The seventh session of the SRV Eighth National Assembly—convened from 14-30 June 1990—held that the redelineation of administrative boundaries of provinces, cities, and special zones directly subordinate to the central government is an important issue related to the tasks of building and developing the nation that must be carried out uniformly in the days ahead in conformity with the socioeconomic development strategy. The National Assembly, by virtue of Article 83 of the SRV Constitution, having considered the Council of Ministers' proposal and suggestions made by people's councils of some provinces, and having reviewed the current general situation of the nation, hereby resolves:

1. To maintain the existing administrative boundaries of provinces, cities, and special zones directly subordinate to the central government.
2. To assign to the Council of State and the Council of Ministers the task of studying and formulating projects on organizing and delineating the administrative boundaries of provinces, cities, and special zones directly subordinate to the central government for submission to the National Assembly for consideration and making a decision at an appropriate time.

This resolution was adopted by the seventh session of the SRV Eighth National Assembly on 30 June 1990.

[Signed] Le Quang Dao, chairman of the National Assembly

Australia

Evans Urges Transfer of Power to NLD in Burma

BK0507020390 Bangkok BANGKOK POST in English 5 Jul 90 p 6

[Text] Australian Foreign and Trade Minister Gareth Evans said yesterday that he had urged Gen [General] Saw Maung to promptly transfer power to the winners of the Burmese election.

The final results were declared on Saturday [30 June].

Senator Evans said that he had also conveyed his support to the leaders of the National League for Democracy (NLD), which won the election, a statement from the Australian Embassy here said.

The election gave the NLD 392 of the 485 contested seats despite severe restrictions placed upon it during the campaign.

In his message to Gen Saw Maung, delivered by Australia's ambassador to Burma, Senator Evans also reaffirmed his call for the release of detained NLD leaders so they can take part in national reconciliation and reconstruction. Senator Evans said the clear results of the election had made it urgent that leaders and other political prisoners should be released so they can help ensure a peaceful and orderly transition of power.

The Australian Government looked forward to successful completion of the democratic process in Burma.

Palmer Views Australia-New Zealand Cooperation

BK0307110190 Melbourne Overseas Service in English 0800 GMT 3 Jul 90

[From the program "International Report"]

[Text] While the New Zealand Government is considering an independent report into its relations with the South Pacific, Prime Minister Geoffrey Palmer has indicated he sees complementary roles for New Zealand and Australia in the region. Mr. Palmer spoke about the issue during a one-week visit to Australia which marks the beginning of a free trade zone for goods between the two countries. In Canberra, Radio Australia's diplomatic correspondent Stewart Heather reports:

[Begin recording] [Heather] Drawing on Australia and New Zealand's success in working together on CER—the Closer Economic Relations agreement—Prime Minister Geoffrey Palmer has foreshadowed a greater interaction in regional affairs. That interaction, according to Mr. Palmer, is natural because Australia and New Zealand have complementary interests. In Canberra, Mr. Palmer spoke about the issue at the National Press Club.

[Palmer] New Zealand has just had an independent review done on its policy. The review takes a comprehensive look at security in the region, where countries are vulnerable for a whole range of reasons—environment, climate, health, scarce resources, and isolation—as well as being vulnerable in a more traditional defense sense. I accept the review's conclusion that New Zealand's policy toward the South Pacific needs to embrace the whole range of those issues.

New Zealand and Australian objectives in the South Pacific are often similar, and we will continue to work closely with Australia to foster a stable security environment in the South Pacific. Our roles and our perspectives will not always be identical, of course. We have a different cultural view of the South Pacific than Australia does, particularly the Polynesian East, with our association historically with Polynesia. But New Zealand will have its independent view of developments just as the individual South Pacific countries have theirs. But the challenge for Australia as well as for New Zealand is to ensure, given this complementarity between us, that it is put to good use. We both want to use our resources for improving our strategic environment, and at a time of scarce resources it makes a great deal of sense to work closely together.

[Heather] Geoffrey Palmer says the conclusion of the South Pacific Relations Report that New Zealand must embrace a full range of issues in its relationship with the region does not imply any weakening of traditional defense.

[Palmer] New Zealand is committed to maintaining and improving the direct link which forms an essential part of our defense policy. But what does it mean in practice for us to have close defense links with Australia? Joint purchases and joint training, major New Zealand-Australian exercises, shared facilities and personnel. We cooperate very closely in maritime surveillance and emergency relief. Those are the practical results of that cooperation. But the defense relationship goes deeper than that. It is in fact a security relationship based on a certainty that we would each help the other if the occasion arises.

[Heather] When pressed for a specific example, other than defense, where Australia and New Zealand could be complementary, Mr. Palmer noted New Zealand's offer to host peace talks between the Papua New Guinea [PNG] Government and the Bougainville republicans.

[Palmer] We cooperate and discuss our specific policy pretty closely with the Australian Government, and I think there is a modus vivendi that is pretty effective and quite efficient. I also think that the recent, for example, offer that we have made to provide for PNG and Bougainville a neutral venue in which peace talks can take peace is the sort of offer that we can make that it would be difficult for Australia to make, given the historical background of Australia's relations with PNG and its economic interests there.

[Heather] Papua New Guinea is traditionally an area of Australia's primary interests, reflecting involvement of Australia primarily in Melanesia and New Zealand in Polynesia. Mr. Palmer's implication seems to be that where that close involvement causes problems for one of New Zealand or Australia, the other might step in as honest broker to further their joint aims in regional foreign policy. [end recording]

Fiji

Television Service To Be Launched This Year

BK0507010090 Hong Kong AFP in English 1659 GMT 5 Jul 90

[Text] Suva, July 4 (AFP)—Fiji's Information Minister Ratu Inoke Kubuabola said Wednesday [4 July] a national television service would be operating in this South Pacific island state by the end of this year. "We can confidently expect the first phase of a television service to be broadcasting late this year," the minister told an electronics workshop here.

Fourteen firms from Australia, New Zealand, Singapore, Malaysia, Israel and France have offered to set up a television service here.

Fiji's cabinet has said it wants the television service to be government-controlled and self-financing.

Government officials said Television New Zealand (TVNZ)—which has a Pacific-wide orientation in its programming and supplies services to other island states in the region—was a strong contender for the Fiji contract.

A shortlist of four submissions including that of TVNZ was said to be under cabinet scrutiny.

Fiji's pre-coup government in 1986 licenced Publishing and Broadcasting Ltd., a subsidiary of Australia's Bond Media Ltd., to operate a commercial station for 12 years. But after the May and September coups in 1987, the group pulled out in anticipation of a fall in advertising revenue.

New Zealand

Premier Opposes Improving Relations With Fiji

BK0607074090 Hong Kong AFP in English 0729 GMT 6 Jul 90

[Text] Wellington, July 6 (AFP)—New Zealand will not improve relations with Fiji despite a policy review recommendation that it do so, Prime Minister Geoffrey Palmer said here Friday [6 July].

In an interview with Radio New Zealand he said he had looked at Fiji's new draft constitution and found it unacceptable because of its racial bias.

He said he was not going to get involved in a campaign against Fiji but nor was he going to give Fiji aid or comfort.

Following two military coups in 1987 New Zealand downgraded its representation in Fiji, severed military links and cancelled ministerial visits.

Last month the South Pacific Policy Review Group headed by former Foreign Minister Russell Marshall recommended New Zealand improve relations with Fiji. Although Mr. Palmer Friday appeared to reject this, parliamentary sources pointed out that the cabinet has yet to complete its study of the recommendations. In recent weeks Mr. Palmer has suffered several public reverses when the cabinet has taken decisions he earlier opposed.

It was reported this week that coup leader and now head of the Fiji military, General Sitivini Rabuka, had been refused a visa to come here on a private visit to watch New Zealand play Scotland in a rugby test. An official source here said Friday however that no formal application had been made by Gen. Rabuka. The source said that he had made "inquiries through diplomatic channels" and had been told such a visit would be "counterproductive." The source also denied local reports that Mr. Palmer had been directly involved in the issue.

The draft constitution, endorsed last month by the Great Council of Chiefs, Fiji's form of an upper house on traditional issues, gives native Fijians control of parliament.

Fijians account for about half of the country's 700,000 people, ethnic Indians making up the remainder.